E/1991/SR.16-33

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS, 1991

PLENARY MEETINGS

VOLUME II

Summary records of the meetings
held during the second regular session of 1991

UNITED NATIONS

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UNITED NATIONS
New York, 1993

NOTE

The *Official Records of the Economic and Social Council, 1991*, consist of the summary records of *Plenary Meetings* (volumes I and II), incorporating corrections requested by delegations and any necessary editorial modifications, the *Supplements* (Nos. 1-15) and the *Lists of Delegations*.

The present volume contains the summary records of the plenary meetings held by the Council during the second regular session of 1991 (Geneva, 3-26 July, and New York, 17 October 1991), including the summary records of the meetings (1st to 4th) of the Special High-level Meeting.

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Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

E/1991/SR.16-33

CONTENTS

Page

Abbreviations ... viii
Explanatory notes ... ix
Agenda of the second regular session, 1991 ... x
Agenda of the Special High-level Meeting ... xii
Check-list of documents ... xiii

SECOND REGULAR SESSION, 1991

Summary records of the 16th to 32nd plenary meetings

16th meeting

Wednesday, 3 July 1991, at 10.30 a.m.

OPENING OF THE SESSION ... 1
STATEMENT BY THE PRESIDENT ... 1
STATEMENT BY THE SECRETARY-GENERAL ... 2
ITEM 1 OF THE PROVISIONAL AGENDA:
Adoption of the agenda and other organizational matters ... 4
REPORT OF THE SOUTH COMMISSION ... 4

Special High-level Meeting

SUMMARY RECORDS OF THE 1ST TO 4TH MEETINGS

1st meeting

Thursday, 4 July 1991, at 10.25 a.m.

ITEM 1 OF THE PROVISIONAL AGENDA:
Opening of the Meeting by the Chairman ... 11
STATEMENT BY THE CHAIRMAN ... 11
STATEMENT BY THE SECRETARY-GENERAL ... 12
Adoption of the agenda ... 12
AGENDA ITEM 2:
Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation

Page

Speakers:
Mr. Oumarou (Chairman of the Algiers Colloquium) ... 12
Mr. Awoonor (Ghana) ... 13
Mr. Pronk (Netherlands) ... 14
Mr. Rezek (Brazil) ... 16
Sir David Hannay (United Kingdom) ... 16
Ms. Hernes (Norway) ... 17
Mr. Ghezal (Tunisia) ... 18
Mr. Draper (UNDP) ... 19
Mr. Che Wan (Malaysia) ... 20
Mr. Arias (Spain) ... 21

2nd meeting

Thursday, 4 July 1991, at 3.20 p.m.

AGENDA ITEM 2:
Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation (*continued*)
Speakers:
Mr. Picciotto (World Bank) ... 22
Mr. Liu Huaqiu (China) ... 23
Mr. Fortier (Canada) ... 24
Mr. Montaño (Mexico) ... 24
Mr. Ceska (Austria) ... 25
Mr. Kamal (Pakistan) ... 26
Mr. Grant (UNICEF) ... 27
Mr. Kozyrev (Union of Soviet Socialist Republics) ... 28
Mr. Mibenge (Zambia) ... 28
Graf zu Rantzau (Germany) ... 29
Mr. Calovski (Yugoslavia) ... 30
Mr. Hatano (Japan) ... 30
Mr. Sene (Observer for Senegal) ... 31
Mr. Staehelin (Observer for Switzerland) ... 31
Mr. Trant (WFC) ... 32
Mr. Marks (United States of America) ... 33
Mr. Rider (New Zealand) ... 33
Mr. Bowan (Observer for Australia) ... 34
Mr. Jazairy (IFAD) ... 35
Mr. Mogae (Botswana) ... 36
Mr. Nkangi (Observer for Uganda) ... 36
Mr. Cárdenas (Colombia) ... 37
Mr. Kravchenko (Observer for the Bielorussian Soviet Socialist Republic) ... 38
Mr. Çuçi (Observer for Albania) ... 39

Page
Mr. Cherkaoui (Morocco) 40
Mr. Miladinov (Bulgaria) 41
Mr. Walker (Jamaica) 41
Mr. Oudovenko (Ukrainian Soviet Socialist Republic) 42

3rd meeting

Friday, 5 July 1991, at 10.15 a.m.
AGENDA ITEM 2:
Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation (*continued*)
Speakers:
Mr. Ngoubeyou (Cameroon) 43
Mr. Pirek (Czechoslovakia) 44
Mr. Sutresna (Indonesia) 44
Mr. Mayor (UNESCO) 45
Mr. Camdessus (IMF) 46
Dr. Nakajima (WHO) 48
Mr. Säve-Söderbergh (Sweden) 49
Mr. Vivien (France) 49
Mr. Tomic (Chile) 50
Mr. Lubbe (Observer for Poland) 51
Mr. Moultrie (Bahamas) 51

4th meeting

Friday, 5 July 1991, at 3.25 p.m.
AGENDA ITEM 2:
Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation (*concluded*)
Speakers:
Mr. Traxler (Italy) 52
Mr. Hansenne (ILO) 53
Mr. Singh Sudhu (ICAO) 54
Mr. Hinteregger (ECE) 54
Mr. Nandoe (Observer for Suriname) 55
Mr. Guna-Kasem (Thailand) 56
Mr. Sersale di Cerisano (Argentina) 56
Mr. Park Soo-Gil (Observer for the Republic of Korea) 57
Mr. Ngirabatware (Rwanda) 58
Mr. Abdel-Nasser (Observer for Egypt) 58
Mr. Villarroel (Observer for the Philippines) 59
Mr. Mottaki (Islamic Republic of Iran) 59
Mr. Neagu (Romania) 60
Mr. Jamal (Observer for the United Republic of Tanzania) 61
Mr. Pérez Novoa (Observer for Cuba) 61
Mr. Mayorga Cortes (Nicaragua) 62
Page
Mrs. Puri (Observer for India) 63
Mr. Berthelot (UNCTAD) 64
AGENDA ITEM 3:
Closure of the Meeting 67

17th meeting

Monday, 8 July 1991, at 10.25 a.m.
AGENDA ITEM 2:
General discussion of international economic and social policy, including regional and sectoral developments
Speakers:
Mr. Ahmed (Under-Secretary-General for International Economic and Social Affairs) 67
Mr. Kufuor (Observer for Ghana) 69
Mr. Sardenberg (Brazil) 70
Mr. Boddens-Hosang (Netherlands) 71
Mr. Bunnag (Thailand) 72
Mr. Semichi (Algeria) 73
Mr. Maier (International Labour Office) 74
Mr. Camdessus (IMF) 75

18th meeting

Monday, 8 July 1991, at 3.30 p.m.
AGENDA ITEM 1:
Adoption of the agenda and other organizational matters (*continued*) 76
AGENDA ITEM 2:
General discussion of international economic and social policy, including regional and sectoral developments (*continued*)
Speakers:
Mrs. Sadik (UNFPA) 76
Mr. Chabala (Zambia) 77
Mr. Saouma (FAO) 78
Mr. Kozyrev (Union of Soviet Socialist Republics) 79
Mr. Ghezal (Tunisia) 80
Mr. Wang Baoliu (China) 81
Mr. Breitenstein (Finland) 82
Mr. Králik (Czechoslovakia) 83
Mr. Kravchenko (Observer for the Byelorussian Soviet Socialist Republic) 83

19th meeting

Tuesday, 9 July 1991, at 10.20 a.m.
AGENDA ITEM 2:
General discussion of international economic and social policy, including regional and sectoral developments (*continued*)
Speakers:
Mr. Kibria (ESCAP) 84

Page

Mr. Adedeji (ECA) ... 86
Mr. Jaber (ESCWA) ... 88
Mr. Hinteregger (ECE) ... 89
Mr. Rosenthal (ECLAC) ... 92

20th meeting

Tuesday, 9 July 1991, at 3.25 p.m.

AGENDA ITEM 2:

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

Speakers:

Mr. Ji Chaozhu (Under-Secretary-General for Technical Cooperation for Development) ... 94
Mr. Moultrie (Bahamas) ... 95
Mr. Montaño (Mexico) ... 96
Mr. Brotodiningrat (Indonesia) ... 96
Mr. Ceska (Austria) ... 97
Mr. Sersale di Cerisano (Argentina) ... 98
Mr. Nguyen Luong (Observer for Viet Nam) 99
Mr. Somavía (Chile) ... 100
Dr. Abdelmoumène (WHO) ... 101
Mr. Park Soo-Gil (Observer for the Republic of Korea) ... 102

21st meeting

Wednesday, 10 July 1991, at 10.25 a.m.

AGENDA ITEM 2:

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

Speakers:

Mr. Ntaba (Observer for Malawi) ... 103
Mr. Neagu (Romania) ... 104
Mr. Koike (Japan) ... 105
Mr. Calovski (Yugoslavia) ... 106
Mr. Oudovenko (Ukrainian Soviet Socialist Republic) ... 106
Mr. Walker (Jamaica) ... 108
Mr. Ditchev (Bulgaria) ... 108
Mr. Benhima (Morocco) ... 109
Mr. Ngidi (Botswana) ... 110
Mr. Arria (Observer for Venezuela) ... 111
Mr. Robel (World Confederation of Labour) 112

ORGANIZATION OF WORK ... 112

22nd meeting

Wednesday, 10 July 1991, at 3.20 p.m.

AGENDA ITEM 2:

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

Page

Speakers:

Mr. Moore (United States of America) ... 113
Mr. Santos (Ecuador) ... 114
Mr. Ismail (Malaysia) ... 115
Mr. Jipguep (ITU) ... 115
Mr. Elaraby (Observer for Egypt) ... 116
Mr. Walker (Observer for Australia) ... 117
Mr. Tsegaye (Observer for Ethiopia) ... 118
Mr. Rasaputram (Observer for Sri Lanka) ... 118
Mr. Tchelnokov (Inter-Parliamentary Union) 119
Mr. Oechslin (International Organization of Employers) ... 120
Mr. Potapov (World Federation of Trade Unions) ... 121
Mr. Sene (Observer for Senegal) ... 122
Mr. Kraus (ICC) ... 123

23rd meeting

Thursday, 11 July 1991, at 10.25 a.m.

AGENDA ITEM 2:

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

Speakers:

Mr. Mayorga Cortes (Nicaragua) ... 123
Mr. Menssah (IFAD) ... 124
Mr. Azis (Pakistan) ... 125
Mr. Aksin (Turkey) ... 127
Mr. Loos (World Bank) ... 127
Mr. Ahmed (Bahrain) ... 129
Mr. Stiglich (Peru) ... 130
Mr. Pérez Novoa (Observer for Cuba) ... 130
Mr. Osmany (Observer for Bangladesh) ... 131
Mr. Okeyo (Kenya) ... 132

24th meeting

Friday, 12 July 1991, at 6.15 p.m.

STATEMENT BY THE PRESIDENT OF THE GENERAL ASSEMBLY AT ITS FORTY-FIFTH SESSION 134

25th meeting

Monday, 15 July 1991, at 3.25 p.m.

AGENDA ITEM 6:

International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl ... 135

AGENDA ITEM 1:

Adoption of the agenda and other organizational matters (*continued*) ... 143

Page

26th meeting

Tuesday, 16 July 1991, at 10.25 a.m.

AGENDA ITEM 4:
Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries 144

27th meeting

Tuesday, 16 July 1991, at 3.25 p.m.

EXPRESSION OF SYMPATHY IN CONNECTION WITH THE RECENT FLOODS IN CHINA 151
AGENDA ITEM 3:
Revitalization of the Economic and Social Council 151

28th meeting

Wednesday, 17 July 1991, at 10.20 a.m.

AGENDA ITEM 3:
Revitalization of the Economic and Social Council (*continued*) 161
EXPRESSION OF SYMPATHY IN CONNECTION WITH THE RECENT FLOODS IN CHINA (*concluded*) 164
AGENDA ITEM 5:
Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories 164

29th meeting

Monday, 22 July 1991, at 10.25 a.m.

AGENDA ITEM 2:
General discussion of international economic and social policy, including regional and sectoral developments (*continued*)...................... 170

30th meeting

Wednesday, 24 July 1991, at 10.25 a.m.

AGENDA ITEM 5:
Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*continued*).................................... 171
AGENDA ITEM 6:
International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl (*continued*) 171

Page

31st meeting

Friday, 26 July 1991, at 10.45 a.m.

AGENDA ITEM 2:
General discussion of international economic and social policy, including regional and sectoral developments (*concluded*)...................... 172
AGENDA ITEM 3:
Revitalization of the Economic and Social Council (*concluded*).. 173
AGENDA ITEM 4:
Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries (*concluded*) 173
AGENDA ITEM 5:
Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*concluded*).................................... 174
AGENDA ITEM 6:
International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl (*concluded*) 174
AGENDA ITEM 1:
Adoption of the agenda and other organizational matters (*continued*) 174
AGENDA ITEM 19:
Elections 175
AGENDA ITEM 8:
Development and international economic cooperation
(*a*) Trade and development
Report of the First (Economic) Committee 175
(*b*) Food and agriculture
Report of the First (Economic) Committee 175
(*c*) Science and technology for development
Report of the First (Economic) Committee 176
(*d*) Transnational corporations
Report of the First (Economic) Committee 176
(*k*) Transport of dangerous goods
Report of the First (Economic) Committee 178
AGENDA ITEM 15:
International Decade for Natural Disaster Reduction
Report of the Third (Programme and Coordination) Committee..................................... 178

Page

AGENDA ITEM 16:

Disaster reduction and relief: (*a*) Fight against the screw-worm infestation; (*b*) International strategy for the fight against locust and grasshopper infestation, particularly in Africa; (*c*) Disaster relief coordination

Report of the Third (Programme and Coordination) Committee 178

AGENDA ITEM 17:

Special economic and humanitarian assistance

Report of the Third (Programme and Coordination) Committee 179

AGENDA ITEM 18:

Report of the United Nations High Commissioner for Refugees

Report of the Third (Programme and Coordination) Committee 179

32nd meeting

Friday, 26 July 1991, at 4.30 p.m.

AGENDA ITEM 8:

Development and international economic cooperation (*continued*) 180

(*d*) Transnational corporations

Report of the First (Economic) Committee (*concluded*) 180

(*l*) Effective mobilization and integration of women in development

Report of the First (Economic) Committee 180

(*m*) World Decade for Cultural Development

Report of the First (Economic) Committee 180

AGENDA ITEM 9:

Industrial development cooperation and the diversification and modernization of productive activities in developing countries

Report of the First (Economic) Committee 180

AGENDA ITEM 12:

Coordination questions

Report of the Third (Programme and Coordination) Committee 181

AGENDA ITEM 13:

Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

Report of the Third (Programme and Coordination) Committee 181

AGENDA ITEM 14:

Programme and related questions: (*a*) Proposed programme budget for the biennium 1992-1993; (*b*) Calendar of conferences

Page

Report of the Third (Programme and Coordination) Committee 182

AGENDA ITEM 10:

International cooperation in the field of informatics

Report of the First (Economic) Committee 182

AGENDA ITEM 11:

Operational activities for development

Report of the Third (Programme and Coordination) Committee 182

AGENDA ITEM 7:

Regional cooperation

Report of the First (Economic) Committee 183

AGENDA ITEM 8:

Development and international economic cooperation (*concluded*) 184

(*e*) Natural resources

Report of the First (Economic) Committee 184

(*f*) Population

Report of the First (Economic) Committee 184

(*g*) Statistics

Report of the First (Economic) Committee 184

(*h*) Human settlements

Report of the First (Economic) Committee 184

(*i*) Environment

Report of the First (Economic) Committee 185

(*j*) Desertification and drought

Report of the First (Economic) Committee 185

CLOSURE OF THE SESSION 185

RESUMED SECOND REGULAR SESSION OF 1991

Summary record of the 33rd plenary meeting

33rd meeting

Thursday, 17 October 1991, at 3.10 p.m.

AGENDA ITEM 1:

Adoption of the agenda and other organizational matters (*concluded*) 188

AGENDA ITEM 19:

Elections (*concluded*) 188

AGENDA ITEM 11:

Operational activities for development (*concluded*) 188

CLOSURE OF THE RESUMED SESSION 188

ABBREVIATIONS

ACC	Administrative Committee on Coordination
ACP	African, Caribbean and Pacific (countries)
ADB	Asian Development Bank
AfDB	African Development Bank
AIDS	acquired immuno-deficiency syndrome
CDP	Committee for Development Planning
CMEA	Council for Mutual Economic Assistance
CPC	Committee for Programme and Co-ordination
DAC	Development Assistance Committee (of OECD)
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ECU	European currency unit
EFTA	European Free Trade Association
EIB	European Investment Bank
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
GSP	generalized system of preferences
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development (World Bank)
ICAO	International Civil Aviation Organization
ICC	International Chamber of Commerce
ICRC	International Committee of the Red Cross
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IMO	International Maritime Organization
IPU	Inter-Parliamentary Union
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
MFN	most favoured nation
NATO	North Atlantic Treaty Organization
OAS	Organization of American States
OAU	Organization of African Unity
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PLO	Palestine Liberation Organization
SDRs	special drawing rights
SELA	Latin American Economic System
STABEX	system to guarantee the stabilization of export earnings
SYSMIN	system for minerals
TCDC	technical cooperation among developing countries
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Co-ordinator
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

WFC	World Food Council
WFP	World Food Programme
WHO	World Health Organization
WMO	World Meteorological Organization

EXPLANATORY NOTES

$: United States dollars.

A hyphen between years, e.g. 1990-1995, signifies the full period involved, including the beginning and end years.

An oblique between years, e.g. 1988/89, indicates a financial year.

AGENDA OF THE SECOND REGULAR SESSION OF 1991

Adopted by the Council at its 16th and 25th plenary meetings, on 3 and 15 July 1991

1. Adoption of the agenda and other organizational matters.
2. General discussion of international economic and social policy, including regional and sectoral developments.
3. Revitalization of the Economic and Social Council.
4. Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries
5. Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories.
6. International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl.
7. Regional cooperation.
8. Development and international economic cooperation:
    (*a*) Trade and development;
    (*b*) Food and agriculture;
    (*c*) Science and technology for development;
    (*d*) Transnational corporations;
    (*e*) Natural resources;
    (*f*) Population;
    (*g*) Statistics;
    (*h*) Human settlements;
    (*i*) Environment;
    (*j*) Desertification and drought;
    (*k*) Transport of dangerous goods;
    (*l*) Effective mobilization and integration of women in development;
    (*m*) World Decade for Cultural Development.
9. Industrial development cooperation and the diversification and modernization of productive activities in developing countries.
10. International cooperation in the field of informatics.
11. Operational activities for development.
12. Coordination questions.
13. Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations.
14. Programme and related questions:
    (*a*) Proposed programme budget for the biennium 1992-1993;
    (*b*) Calendar of conferences.
15. International Decade for Natural Disaster Reduction.

16. Disaster reduction and relief:
    (*a*) Fight against the screw-worm infestation;
    (*b*) International strategy for the fight against locust and grasshopper infestation, particularly in Africa;
    (*c*) Disaster relief co-ordination.
17. Special economic and humanitarian assistance.
18. Report of the United Nations High Commissioner for Refugees.
19. Elections.

AGENDA OF THE SPECIAL HIGH-LEVEL MEETING

Adopted by the Special High-level Meeting at its 1st meeting on 4 July 1991

1. Opening of the Meeting by the Chairman.
2. Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation.
3. Closure of the Meeting.

CHECK-LIST OF DOCUMENTS

NOTE. Listed below are the documents pertaining to the second regular session of 1991. Unless otherwise indicated, the documents were issued in mimeographed form only.

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/5	Preparations for a 1994 international meeting on population: report of the Secretary-General	8 (*f*)	
E/1991/8	Note by the Secretary-General transmitting the JIU report entitled "African Institute for Economic Development and Planning (IDEP)" (JIU/REP/90/4)	7 and 11	
E/1991/14-A/46/82	Letter dated 6 February 1991 from the Permanent Representative of the Ukrainian Soviet Socialist Republic to the United Nations addressed to the Secretary-General	6	
E/1991/16 and Corr.1	Implementation of the system-wide medium-term plan for women and development: report of the Secretary-General	8 (*l*) and 12	
E/1991/17-A/46/91	Letter dated 19 February 1991 from the Permanent Representative of the Byelorussian Soviet Socialist Republic to the United Nations addressed to the Secretary-General	6	
E/1991/25 and Corr.1	Report of the Statistical Commission on its twenty-sixth session	8 (*g*)	*Official Records of the Economic and Social Council, 1991, Supplement No. 5*
E/1991/27	Report of the Population Commission on its twenty-sixth session	8 (*f*)	Ibid., *Supplement No. 7*
E/1991/28	Report of the Commission on the Status of Women on its thirty-fifth session	8 (*l*)	Ibid., *Supplement No. 8*
E/1991/29	Report of the Committee on Natural Resources on its twelfth session	8 (*e*)	Ibid., *Supplement No. 9*
E/1991/31	Report of the Commission on Transnational Corporations on its seventeenth session	8 (*d*)	Ibid., *Supplement No. 10*
E/1991/31/Add.1	———— Efforts by the United Nations to address the issue of corrupt practices: report of the Secretary-General	8 (*d*)	
E/1991/32	Report of CDP on its twenty-seventh session	11	Ibid., *Supplement No. 11*
E/1991/33	Report of the Executive Board of UNICEF	7	Ibid., *Supplement No. 12*
E/1991/34 and Add.1	Report of the Governing Council of UNDP on its organizational meeting for 1991, its special session and its thirty-eighth session	8	Ibid., *Supplement No. 13*
E/1991/35	Annual report of ESCAP	2 and 7	Ibid., *Supplement No. 14*
E/1991/36	Annual report of ECE	2 and 7	Ibid., *Supplement No. 15*
E/1991/37	Annual report of ECA	2 and 7	Ibid., *Supplement No. 16*
E/1991/42 and Add.1 and 2	Annual overview report of ACC for 1990	12	
E/1991/44	Register of Development Activities of the United Nations System: report of ACC	12	
E/1991/45	Summary of the economic and social survey of Asia and the Pacific, 1990	2 and 7	
E/1991/47	Report of the Population Commission Acting as the Preparatory Committee for the 1994 International Meeting on Population	8 (*f*)	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/47/Add.1	———— Programme budget implications of the draft resolution entitled "International Conference on Population and Development": statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Economic and Social Council	8 (*f*)	
E/1991/52-A/46/138	Implementation of General Assembly resolution 44/227: report of the Secretary-General	8 (*i*)	
E/1991/54-A/46/156	Possible adverse effects of sea-level rise on islands and coastal areas, particularly low-lying coastal areas: report of the Secretary-General	8 (*i*)	
E/1991/55-A/46/157	Implementation of the Plan of Action to Combat Desertification: report of the Secretary-General	8 (*i*)	
E/1991/56	Summary of the economic survey of Latin America and the Caribbean, 1990	2 and 7	
E/1991/58-A/46/132	Role of the public sector in promoting the economic development of developing countries: report of the Secretary-General	2 and 4	
E/1991/59	Letter dated 16 April 1991 from the Permanent Representative of Israel to the United Nations addressed to the President of the Economic and Social Council	7	
E/1991/61-A/46/171	Note by the Secretary-General transmitting the report of the Director-General of WHO on the global strategy for the prevention and control of AIDS	12	
E/1991/62	Note by the Secretary-General	16 (*a*)	
E/1991/63	Note by the Secretary-General	16 (*b*)	
E/1991/64	Summary of the economic survey of Europe in 1990-1991	2 and 7	
E/1991/65	Report of the United Nations High Commissioner for Refugees	18	For the final text, see *Official Records of the General Assembly, Forty-sixth Session, Supplement No. 12* (A/46/12)
E/1991/66-A/46/160	Report of the Secretary-General of the United Nations and the Director-General of UNESCO on the progress of the World Decade for Cultural Development (1988-1997) during the period 1990-1991	8 (*m*)	
E/1991/67	Europe-Africa permanent link through the Strait of Gibraltar: note by the Secretary-General	7	
E/1991/68	Work of the Committee of Experts on the Transport of Dangerous Goods: report of the Secretary-General	8 (*k*)	
E/1991/69	Report of the Committee on Food Aid Policies and Programmes on the work of its first special session	11	
E/1991/70	Summary of the survey of economic and social conditions in Africa, 1989-1990	2 and 7	
E/1991/72	Strengthening multilateral cooperation in international economic affairs: report of the Secretary-General	2 and 4	
E/1991/75-ST/ESA/222	*World Economic Survey 1991—Current Trends and Policies in the World Economy*	2	United Nations publication, Sales No. E.91.II.C.1
E/1991/76/ Rev.1-A/46/215/Rev.1	Report of the Secretary-General	6	
E/1991/77-A/46/214	Traffic in and disposal, control and transboundary movements of toxic and dangerous products and wastes: report of the Secretary-General	8 (*i*)	
E/1991/78	Note verbale dated 13 May 1991 from the Permanent Mission of Algeria to the United Nations addressed to the Secretariat of the United Nations transmitting the Declaration adopted at the Algiers Colloquium, 4-6 May 1991	2 and 8	
E/1991/79	Note by the Secretary-General pursuant to General Assembly resolution 45/221	16 (*c*)	
E/1991/80 and Add.1 and 2-A/46/204 and Add.1 and 2	Assistance to the Palestinian people: report of the Secretary-General	13	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/82	Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation: report of the Secretary-General	2 and 4	
E/1991/83	Annotated provisional agenda and organization of work for the Special High-level Meeting of the Economic and Social Council, Geneva, 4-5 July 1991	3	
E/1991/86	Note by the Secretary-General	10	
E/1991/88-A/46/263	Note by the Secretary-General transmitting the report of ESCWA on Israeli land and water policies and practices in the occupied Palestinian and other Arab territories	5	
E/1991/89	Trends in the international market for agricultural and tropical products and developments on the liberalization of international trade in agricultural and tropical products: report of the Secretary-General	8 (*a*) and (*b*)	
E/1991/90 and Add.1 and 2	Report of the South Commission: note by the Secretary-General	4	
E/1991/92	Summary of the survey of economic and social developments in the ESCWA region, 1990	2 and 7	
E/1991/93-A/46/206	Note by the Secretary-General	11	
E/1991/93/Add.1-A/46/206/Add.1	Comprehensive statistical data on operational activities for development for the years 1988 and 1989: note by the Secretary-General	11	
E/1991/93/Add.2 and 3-A/46/206/Add.2 and 3	Note by the Secretary-General	11	
E/1991/93/Add.4-A/46/206/Add.4	Comprehensive statistical data on operational activities for development for the year 1990	11	
E/1991/94-A/46/217	Assistance for the reconstruction and development of Yemen: report of the Secretary-General	17	
E/1991/95-A/46/262	Living conditions of the Palestinian people in the occupied Palestinian territory: note by the Secretary-General	8 (*h*)	
E/1991/96	Note of the Secretary-General	4	
E/1991/97 and Add.1	Report of the Secretary-General	7	
E/1991/98	Institutional developments related to the strengthening of international organizations in the area of multilateral trade: note by the Secretary-General	8 (*a*)	
E/1991/99	Note by the Secretary-General	8 (*l*)	
E/1991/100 and Add.1	Annotated provisional agenda	1	
E/1991/101 and Corr.1	Note verbale dated 23 May 1991 from the Permanent Representative of Hungary to the United Nations addressed to the Secretary-General	18	
E/1991/102	Economic, social and environmental consequences of the situation between Iraq and Kuwait and its short-, medium- and long-term implications: note by the Secretariat	8	
E/1991/104	Note by the Secretary-General	10	
E/1991/105-A/46/265	Participation of the United Nations in the review of the governance arrangements of the World Food Programme: report of the Secretary-General	8 (*b*) and 11	
E/1991/106 and Add.1-A/46/266 and Add.1	Report of the Secretary-General	15	
E/1991/107 and Corr.1-A/46/268 and Corr.1	Situation of countries stricken by desertification and drought in Africa: report by the Secretary-General	8 (*j*)	
E/1991/108	Letter dated 17 June 1991 from the Chairman of the Committee on Conferences to the President of the Economic and Social Council	14	
E/1991/109	Note by the Secretary-General pursuant to Economic and Social Council resolution 1990/78	12	
E/1991/109/Add.1 and Corr.1	———— Annex: Report on refugees, displaced persons and returnees submitted by Mr. Jacques Cuénod, Consultant	12	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/110	Sixteenth annual report of the Committee on Food Aid Policies and Programmes (WFP/CFA: 31/15)	8 (*b*) and 11	
E/1991/111	Requests from non-governmental organizations for hearings: report of the Committee on Non-Governmental Organizations	1	
E/1991/112-A/46/281	Implementation of the programme for International Literacy Year: report of the Secretary-General	12	
E/1991/113	Note by the Secretary-General	16 (*a*)	
E/1991/114-A/46/283	Letter dated 2 July 1991 from the representatives of the Byelorussian Soviet Socialist Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics to the United Nations addressed to the Secretary-General	6	
E/1991/115	Letter dated 8 July 1991 from the Permanent Representative of Ghana to the United Nations addressed to the President of the Economic and Social Council	2	
E/1991/116	Report of the President of the Economic and Social Council on consultations held with the Acting Chairman of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and the Chairman of the Special Committee against Apartheid	13	
E/1991/117	Interim election to fill one vacancy in the Committee on Crime Prevention and Control: note by the Secretary-General	19	
E/1991/118	Sixth United Nations Conference on the Standardization of Geographical Names: note by the Secretariat	14 (*b*)	
E/1991/119	Note verbale dated 16 July 1991 from the Permanent Mission of Australia to the United Nations addressed to the Secretary of the Economic and Social Council	8 (*b*)	
E/1991/120	Note verbale dated 18 July 1991 from the Permanent Mission of Madagascar to the United Nations addressed to the President of the Economic and Social Council	2	
E/1991/121	Strengthening the Office of the United Nations Disaster Relief Coordinator: note by the Secretary-General	16 (*c*)	
E/1991/122	Report of the First (Economic) Committee (Part I)	7	
E/1991/122 Add.1	———— (Part II)	7	
E/1991/123	Report of the First (Economic) Committee	8 (*a*) and (*b*)	
E/1991/124	*Idem*	8 (*c*) and (*d*)	
E/1991/125	*Idem*	8 (*e*), (*f*) and (*g*)	
E/1991/126	*Idem*	8 (*h*), (*i*) and (*j*)	
E/1991/127	*Idem*	8 (*k*)	
E/1991/128	*Idem*	8 (*l*)	
E/1991/129	*Idem*	8 (*m*)	
E/1991/130	*Idem*	9	
E/1991/131	*Idem*	10	
E/1991/132	Report of the Third (Programme and Coordination) Committee	11	
E/1991/133	*Idem*	12	
E/1991/134	*Idem*	13	
E/1991/135	*Idem*	14	
E/1991/136	*Idem*	15	
E/1991/137	*Idem*	16	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/138	*Idem*	17	
E/1991/139	*Idem*	18	
E/1991/140	Annotated provisional agenda of the twenty-sixth series of Joint Meetings of CPC and ACC	1	
E/1991/141-A/46/455	Report of the Secretary-General	9	
E/1991/142-A/46/380	Implementation in the Sudano-Sahelian region of the Plan of Action to Combat Desertification: report of the Secretary-General	8 (*j*)	
E/1991/C.1/L.1	Draft resolution submitted by Ghana on behalf of the Group of 77	8 (*a*)	
E/1991/C.1/L.2	*Idem*	8 (*b*)	
E/1991/C.1/L.3	Membership of Israel in the Economic Commission for Europe—Australia, Austria, Belgium, Bulgaria, Canada, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kenya, Liechtenstein, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	7	
E/1991/C.1/L.4	Second phase of the Special Programme of IFAD for Sub-Saharan African Countries Affected by Drought and Desertification: draft resolution submitted by Senegal (on behalf of the African States)	8 (*j*)	
E/1991/C.1/L.5	Cooperation in fisheries in Africa—Angola, Cameroon, Cape Verde, Congo, Côte d'Ivoire, Gabon, Gambia, Guinea, Guinea-Bissau, Morocco, Nigeria, Senegal, Togo and Zaire: draft resolution	7	
E/1991/C.1/L.6	Europe-Africa permanent link through the Strait of Gibraltar—France, Greece, Italy, Morocco, Portugal and Spain: draft resolution	7	
E/1991/C.1/L.7	Phase II of the Transport and Communications Decade for Asia and the Pacific, 1985-1994—Bahrain, China, Egypt, Indonesia, Iran (Islamic Republic of), Japan, Jordan, Malaysia, Pakistan, Philippines, Syrian Arab Republic, Thailand, Togo, Viet Nam, Yemen and Zaire: draft resolution	7	
E/1991/C.1/L.8	Promotion of interregional cooperation in the area of international trade facilitation—Australia, Austria, Bahrain, Belgium, Bulgaria, Denmark, Egypt, France, Germany, Greece, Indonesia, Ireland, Italy, Jordan, Mexico, Morocco, Netherlands, Nicaragua, Peru, Poland, Romania, Spain, Swaziland, Togo, United Kingdom of Great Britain and Northern Ireland, Yemen and Yugoslavia: draft resolution	7	
E/1991/C.1/L.9	Countries stricken by desertification and drought in Africa—Australia, France, Pakistan, Senegal (on behalf of the African States) and Viet Nam: draft resolution	8 (*j*)	
E/1991/C.1/L.10	Combating aridity, soil erosion, salinity, water-logging, desertification and the effects of drought in South Asia—Argentina, Australia, Bahrain, Bangladesh, Bhutan, Brunei Darussalam, Canada, Egypt, Indonesia, Iran (Islamic Republic of), Lebanon, Malaysia, Morocco, Myanmar, Nepal, New Zealand, Nicaragua, Pakistan, Philippines, Senegal, Sri Lanka, Syrian Arab Republic, Tunisia, Turkey, Uganda, Viet Nam, Yemen and Yugoslavia: draft resolution	8 (*j*)	
E/1991/C.1/L.11	Patterns of consumption and qualitative indicators of development: draft resolution submitted by Ghana on behalf of the Group of 77	8 (*g*)	
E/1991/C.1/L.12	Summit on the Economic Advancement of Rural Women—Australia, Austria, Bahamas, Belgium, Chile, Colombia, Denmark, Egypt, France, Germany, Greece, Italy, Kenya, Malaysia, Netherlands, New Zealand, Nigeria, Norway, Senegal, Somalia, Spain, Thailand, Turkey and Uganda: draft resolution	8 (*l*)	
E/1991/C.1/L.13	The need to standardize and improve United Nations informatics systems for optimal utilization and accessibility by Member States—Indonesia, Pakistan, Philippines, Romania and Ukrainian Soviet Socialist Republic: draft resolution	10	
E/1991/C.1/L.13/Rev.1	———— Algeria, Bangladesh, Bhutan, Colombia, France, Indonesia, Iran (Islamic Republic of), Italy, Kenya, Madagascar, Malaysia, Morocco, Nepal, Nigeria, Pakistan, Peru, Romania, Saudi Arabia, Senegal, Sri Lanka, Syrian Arab Republic, Swaziland, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Viet Nam and Zaire: revised draft resolution	10	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/C.1/L.14	Report of the Commission on Human Settlements—Belgium, Chile, Denmark, Ecuador, Egypt, France, Germany, Greece, Ireland, Italy, Lebanon, Morocco, Netherlands, Portugal, Senegal, Spain, Sri Lanka, Union of Soviet Socialist Republics and United Kingdom of Great Britain and Northern Ireland: draft resolution	8 (*h*)	
E/1991/C.1/L.15	Draft resolution submitted by the Vice-Chairman of the Committee on the basis of informal consultations held on draft resolution E/1991/C.1/L.1	8 (*a*)	
E/1991/C.1/L.16	Draft resolution submitted by the Vice-Chairman of the Committee on the basis of informal consultations held on draft resolution E/1991/C.1/L.9	8 (*j*)	
E/1991/C.1/L.17	Draft resolution submitted by the Vice-Chairman of the Committee on the basis of informal consultations held on draft resolution E/1991/C.1/L.2	8 (*h*)	
E/1991/C.1/L.18	Draft resolution submitted by Ghana on behalf of the Group of 77	8 (*m*)	
E/1991/C.1/L.19	*Idem*	10	
E/1991/C.1/L.20	Draft resolution submitted by the Vice-Chairman of the Committee on the basis of informal consultations held on draft resolution E/1991/C.1/L.10	8 (*j*)	
E/1991/C.3/L.1	Critical humanitarian situation in the Horn of Africa—Canada, China, Egypt, Ethiopia, Japan, Kenya, Somalia, Sudan and United States of America: draft resolution	17	
E/1991/C.3/L.1/Rev.1	———— [*same sponsors*], Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Rwanda, Senegal, Spain, Sweden and United Kingdom of Great Britain and Northern Ireland: revised draft resolution	17	
E/1991/C.3/L.2	Enlargement of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees—Austria, Canada, Ethiopia and Hungary: draft resolution	18	
E/1991/C.3/L.3	Draft resolution submitted by Ghana on behalf of the Group of 77	15	
E/1991/C.3/L.3/Rev.1	*Idem*: revised draft resolution	15	
E/1991/C.3/L.4	Assistance for the reconstruction and development of Lebanon—Algeria, Bahrain, Belgium, Brazil, Czechoslovakia, Egypt, France, Germany, Greece, Iraq, Italy, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Morocco, Qatar, Spain, Syrian Arab Republic, Tunisia, United Kingdom of Great Britain and Northern Ireland and Zambia: draft resolution	17	
E/1991/C.3/L.5	Assistance to Yemen—Algeria, Iraq, Jordan, Lebanon, Morocco, Pakistan, Sudan, Syrian Arab Republic, Viet Nam, Yemen and Zambia: draft resolution	17	
E/1991/C.3/L.6	Prevention and control of acquired immuno-deficiency syndrome (AIDS)—Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Romania, Spain, Sweden, Thailand, Trinidad and Tobago, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America and Zambia: draft resolution	12	
E/1991/C.3/L.7	Efficiency of programming—Algeria, Argentina, Austria, Czechoslovakia, Denmark, Ecuador, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Netherlands, New Zealand, Norway, Pakistan, Somalia, Sweden, Trinidad and Tobago, Turkey, United Kingdom of Great Britain and Northern Ireland and Zambia: draft decision	11	
E/1991/C.3/L.8	Assistance to the Palestinian people—Algeria, Cuba, Egypt, Indonesia, Iraq, Libyan Arab Jamahiriya, Morocco, Pakistan, Sudan, Tunisia, Yemen and Zambia: draft resolution	13	
E/1991/C.3/L.9	Libyan Arab Jamahiriya and Senegal (on behalf of the African States): draft resolution	16 (*a*)	
E/1991/C.3/L.10	Report of CPC—Algeria, Argentina, Bahamas, Brazil, Norway and Ukrainian Soviet Socialist Republic: draft resolution	12	
E/1991/C.3/L.11	Algeria, Bahamas, Cuba, Ghana, Indonesia, Iraq, Jamaica, Libyan Arab Jamahiriya, Malaysia, Papua New Guinea, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic and Zambia: draft resolution	13	
E/C.2/1991/CRP.7	Provisional annotated agenda of the Committee on non-governmental organizations	1	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/C.2/1991/CRP.8	Requests by non-governmental organizations to be heard by the Council at its second regular session of 1991	2	
E/1991/INF.1	The world economy at the end of 1990—short-term prospects and emerging issues: note by the Secretary-General	2	
E/1991/INF.6 and Add.1	Note by the Secretariat	2	
E/1991/INF.8 and Add.1	List of delegations to the second regular session of 1991 of the Council		
E/1991/INF.10/Add.1	Decisions adopted by the Council at its resumed second regular session of 1991		For the final text, see *Official Records of the Economic and Social Council, 1991, Supplement No. 1A* (E/1991/91/Add.1)
E/1991/L.24	Status of documentation for the session	1	
E/1991/L.25 and Corr.1 and Corr.1/Rev.1	Provisional calendar of conferences and meetings for 1992 and 1993 in the economic, social and related fields: note by the Secretariat	14 (*b*)	
E/1991/L.26	Report of the Governing Council of UNEP on its sixteenth session	8 (*i*)	For the final text, see *Officia Records of the General As sembly, Forty-sixth Session Supplement No. 25* (A/46/25)
E/1991/L.27 and Corr.1 and Add.1	Extract from the report of the Governing Council of UNDP on its organizational meeting for 1991, its special session and its thirty-eighth session	11	For the final text, see *Officia Records of the Economic an Social Council, 1991, Supple ment No. 13* (E/1991/34 an Add.1)
E/1991/L.28	Programme budget implications arising from the report of CPC on its thirty-first session: statement submitted by the Secretary-General in accordance with regulation 4.8 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation	12	For the final text, see *Offici Records of the General A sembly, Forty-sixth Sessio Supplement No. 16* (A/46/1 and Add.1)
E/1991/L.29	Report of the Governing Council of UNEP on the implementation of the Plan of Action to Combat Desertification, including the implementation of the Plan in the Sudano-Sahelian region	8 (*j*)	See E/1991/142-A/46/380
E/1991/L.30	Note by the Secretariat	9	
E/1991/L.31	Convening of an international conference on development financing: draft decision submitted by Ghana on behalf of the Group of 77	2	
E/1991/L.32	Report of CDP: draft resolution submitted by Bangladesh	2	
E/1991/L.33	Implementation of the Programme for the Least Developed Countries for the 1990s: draft decision submitted by Zambia	2	
E/1991/L.34	Programme budget implications of decisions 91/32 entitled "Support costs successor arrangements" and 91/37 entitled "United Nations Population Fund: successor support cost arrangements", adopted by the Governing Council of UNDP at its thirty-eighth session: note by the Secretary-General	8 (*f*) and 11	
E/1991/L.35	Special assistance to Namibia: draft resolution submitted by Senegal (on behalf of the African States)	2	
E/1991/L.36	Israeli settlements in the Palestinian territory, the Syrian Golan and other occupied Arab territories—Algeria, Bahrain, Egypt, Iraq, Jordan, Lebanon, Libyan Arab Jamahiriya, Morocco, Pakistan, Qatar, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates, Viet Nam, Yemen and Zambia: draft resolution	5	
E/1991/L.37	International cooperation and coordination of efforts to address and mitigate the consequences of the accident at the Chernobyl nuclear power plant—Algeria, Argentina, Australia, Austria, Bahrain, Belgium, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Chile, China, Cuba, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Jamaica, Japan, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Poland, Portugal, Romania, Spain, Swaziland, Sweden, Thailand, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, Viet Nam, Yemen, Yugoslavia and Zambia: draft resolution	6	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1991/L.38	Convening of an international conference on development financing: draft decision submitted by the Vice-President of the Council on the basis of informal consultations held on draft decision E/1991/L.31	2	
E/1991/L.39	Report of CDP: draft decision submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1991/L.32 and draft decision E/1991/L.33	2	
E/1991/L.40	Special assistance to Namibia: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1991/L.35	2	
E/1991/L.41	Draft decision submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1991/L.36	5	
E/1991/NGO/4	Written statement submitted by the Inter-Parliamentary Union, a non-governmental organization in consultative status (category I)	7	
E/1991/SHLM/SR.1-4	Provisional summary records of the meetings of the Special High-level Meeting held during the second regular session of 1991 of the Economic and Social Council		The final text of the summary records is contained in the present volume
E/1991/SR.16-33	Provisional summary records of the plenary meetings held by the Economic and Social Council during its second regular session of 1991		*Idem*

ECONOMIC AND SOCIAL COUNCIL

SECOND REGULAR SESSION OF 1991

Summary records of the 16th to 32nd plenary meetings, held at the Palais des Nations, Geneva, from 3 to 26 July 1991

16th meeting

Wednesday, 3 July 1991, at 10.30 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.16

Opening of the session

1. The PRESIDENT declared open the second regular session of the Economic and Social Council for 1991.

Statement by the President

2. The PRESIDENT said that, in response to suggestions by the Secretary-General, Member States had decided to hold a special high-level meeting with ministerial participation which would initiate a new tradition to be pursued in the Council's future work. The resumed forty-fifth session of the General Assembly, convened in May and June in accordance with its resolution 45/177, marked another important step in the process of revitalizing the Council and restructuring United Nations activities in the economic, social and related fields. The Council session would provide an opportunity to discuss those matters in depth and encourage implementation of the measures decided upon by the Assembly, thus enhancing the prestige and efficiency of the Council by relating its work more closely to that of the Assembly and of the two organs' subsidiary bodies. Such measures would also reaffirm the Council's role as the central body responsible for examining and coordinating major questions of international economic and social policy.

3. The general discussion would focus on the strengthening of multilateral cooperation in international economic affairs, an issue close to the heart of the Secretary-General, who had worked tirelessly to promote more balanced North-South relations and a renewal of multilateral cooperation.

4. In the present harsh economic environment, multilateral cooperation was irreplaceable. Three United Nations Development Decades had failed. The external debt crisis persisted and famine was endemic over vast areas, particularly in Africa. Commodity prices were low, despite years of uninterrupted growth in the northern countries. Barriers to developing country exports resulted in a loss of earnings estimated at over twice total annual ODA, and the upheavals in Central and Eastern Europe, whatever their long-term promise for the world economy, had in the short term increased the difficulties confronting the developing countries.

5. There was urgent need to reverse the erosion of multilateral cooperation and recognize that in an increasingly interdependent world the economic development of developing countries must be a central concern of the international community. The mobilization of the international community to encourage the integration of the countries of Central Europe and the East into the world economy had rightly been seen as the best means of promoting growth and development and thereby stability and peace. A similar mobilization to further the eco-

nomic recovery of the countries of the South was essential to avoid deepening distortions of international economic relations. The Special High-level Meeting to be held on 4 and 5 July should prepare the way for concerted measures to take up those two challenges. The Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries,[1] the International Development Strategy for the Fourth United Nations Development Decade,[2] and the Programme of Action for the Least Developed Countries for the 1990s[3] laid down guidelines for enhanced multilateral cooperation for development, but the new development consensus must be translated into deeds.

6. One essential step was a lasting solution of the external debt crisis of the developing countries, and reversal of the net transfer of financial resources from developing to developed countries. Earlier strategies had failed and the 6 per cent increase in developing country indebtedness over the past year coupled with rising interest rates underlined the urgency of bold steps to reduce the debt and resume substantial public and private financial flows for development. Successful completion of the Uruguay Round of multilateral trade negotiations recognizing the interests and concerns of the developing countries, was vital to enable international trade to play a dynamic role in the world economy for the benefit of all.

7. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990[4] had not fulfilled its promises. Growth was still negative and the international community's commitments were slow in being fulfilled. On the eve of its evaluation by the Assembly, the Programme's failure underlined the urgency of effective steps to ensure Africa did not remain the continent forgotten by development.

8. The United Nations Conference on Environment and Development, to be held in 1992, would be a landmark both in terms of level of participation and of the issues at stake. It was essential that the environment-development linkage should find full expression in the Conference, which should adopt a balanced approach taking into account global and specific concerns and not creating new impediments to development.

9. Great importance was attached to the forthcoming discussion of the role and capacity of the United Nations system in the humanitarian field and disaster relief. The Gulf crisis and the recent natural disasters in Bangladesh and the Philippines had demonstrated the importance of the United Nations role in such emergencies.

10. The Council would have an opportunity to informally discuss the report of the South Commission (A/45/810 and Corr.1), to be introduced by Mr. Julius Nyerere, former President of the United Republic of Tanzania and Chairman of the South Commission, and of the views of the panel of eminent persons. The Commission's emphasis on revitalizing South-South cooperation was timely. South-South trade, for example, barely exceeded 9 per cent of world exports, while intra-African trade represented only 4 per cent of the continent's total trade. Substantial successes were, however, being achieved in the development of economic cooperation in Africa, South America and South East Asia. Recent moves towards integration through the Arab Maghreb Union were a further example of efforts towards collective self-reliance in the developing countries. Such efforts should be vigorously supported by the international community. Subregional and regional integration of the developing countries could provide opportunities for new cooperative links between North and South. The joint initiative by countries on the north and south shores of the Mediterranean, in particular by the Maghreb countries and the EC, were examples of a type of relationship that should be explored to provide a basis for democracy and renewed growth and development.

Statement by the Secretary-General

11. The SECRETARY-GENERAL said that many recent events justified optimism regarding the future of mankind while others were a source of concern. The role of the United Nations in guiding the world community towards political harmony and economic and social progress was crucially important. Its work in the fields of peace and security could not be separated from its responsibilities for improving living conditions throughout the world.

12. For hundreds of millions of people living in the developing countries, malnutrition, hunger and disease were everyday realities. A very high proportion of the world population barely eked out a living and over a billion lived in abject poverty. Natural disasters, like those in Bangladesh and Peru, pointed to the fragility of the economic, social and ecological infrastructures of the countries concerned and the damage they had sustained in the past decade. World economic growth had been slowing down while capital needs had considerably increased. Countries that had until recently been major creditors were now in need of capital. The continuing deterioration of the developing countries' position in the world economy was a matter of grave concern to the United Nations. World trade had been growing faster than developing country exports and imports. Direct foreign investment had quadrupled in the 1980s, but the developing countries' share had plummeted. Private bank lending to heavily indebted developing countries had practically ceased since the beginning of the debt crisis in 1982 and for nearly a decade the indebted countries had been capital exporters. Since the early 1970s, external conditions and internal factors had combined to make capital formation and economic development difficult.

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[1] General Assembly resolution S-18/3, annex.

[2] General Assembly resolution 45/199, annex.

[3] *Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990* (A/CONF.147/18), part one.

[4] General Assembly resolution S-13/2, annex.

13. Increasingly, the developing countries saw trade and foreign investment as crucial to overcoming the financial and development crisis of the 1980s. In that context the liberalization undertaken in many developing countries had been important. Some countries had shifted to more outward-oriented development strategies and policies tending to restrict foreign investment had been eliminated.

14. Deregulation and privatization had become current practice throughout the world. In the developing countries and in Eastern Europe, the move in that direction had been a response to excessive state control and poor economic and social performance. In over 80 countries assets and services were being transferred from the public to the private sector, a reflection of ideological changes regarding the role the State should play in the management of the economy.

15. Such restructuring had been slow and difficult. In most cases, liberalization and appropriate economic policies were not enough to create a favourable environment for investment and growth. The absence of export markets, the debt burden and deterioration of the physical and social infrastructure had discouraged investment.

16. Renewed growth and development in the developing countries required a dynamic trading system in which their exports would not be thwarted by restrictions in the industrialized countries. It was a matter for concern that the outcome of the Uruguay Round of multilateral trade negotiations was still uncertain and it was regrettable that the developing countries' major problems had not so far been addressed.

17. Over the years he had maintained that bold solutions to the debt problem needed to be implemented to revitalize the developing country economies, particularly in Africa and Latin America. So far, proposals for resolving the problem had achieved little. Efforts to ease the bilateral debt of the developing countries had not been very successful, and only a few African countries had benefited from the initiative of the seven major industrialized countries at the Toronto Economic Summit in 1988. While the Trinidad and Tobago Terms and the initiatives by the Netherlands and United States President, Mr. George Bush, were a step in the right direction, global measures were needed. The Paris Club decision to write off a large part of the external debt of Poland and Egypt could provide a model in dealing with the indebtedness of other developing and East European countries.

18. The crisis in Africa was deeply worrying. If measures were not urgently taken, more than half the population of Africa would be living below the poverty line at the end of the decade. Since the adoption of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, the African countries had instituted major reforms, including efforts to promote popular participation. The General Assembly, at its forty-sixth session, would consider why those efforts had not revitalized economic growth and why economic conditions had continued to worsen. It was obvious that support by the international community had been insufficient. He hoped the Assembly would draw up a programme with specific objectives for financing the long-term development of the African countries and better access to external markets.

19. Complex emergency situations had recently underlined the importance of rapid and effective action by the United Nations system. At a time when the fortieth anniversary of UNHCR was being observed, the dramatic increase in the number of refugees and displaced persons was a matter of deep concern. While attempts to eliminate the root causes of such emergencies should be pursued, he would continue his efforts to strengthen the capacity of the United Nations system to provide speedy and effective emergency humanitarian assistance. He would closely follow the Council's deliberations on the matter. Whatever the structures of the United Nations system might be, it was essential that the international community should provide the necessary increased resources to enable the United Nations to discharge its ever-increasing responsibilities.

20. Healing the scars left by the Gulf crisis in the economic, social and environmental fields needed a carefully considered international response. Iraq's invasion of Kuwait had resulted in massive destruction of the physical, economic and social infrastructure, unprecedented ecological damage and tremendous human suffering, which was continuing. While the world might have overcome the initial shock of the crisis, many developing countries and hundreds of thousands of migrant workers continued to suffer. The Council's exchange of views on the economic, social and ecological consequences of the situation between Iraq and Kuwait would contribute to efforts to mitigate the human suffering and improve the economic prospects of the countries affected.

21. One critical problem was that of obtaining an increase in available resources to meet new and competing claims. Unless the African countries received adequate support, a catastrophic human tragedy would result and the political and economic transformation process would be undermined. Unless the indebted countries in Asia and Latin America were enabled to meet their financial requirements, their economic progress might be halted. Furthermore, unless the world community devoted adequate resources to protecting the environment, mankind's well-being, and indeed its very survival, could be in jeopardy. The real challenge facing the international community was to find sufficient resources to finance world development. It was perhaps time for it to consider dispassionately how all the essential needs were to be met in the future. The issue was essential to the maintenance of peace and security. Accordingly, he proposed that consideration should be given to the convening of an international conference on the financing of development. It was highly important to identify possible sources of finance and devise mechanisms to make available the necessary funds to finance a vastly larger growth and development agenda.

22. Human well-being, economic progress and collective security were inextricably linked. The current rapid

changes in all aspects of life, and ever wider democratization, were having their effect on societies as well as on relations among States, requiring the world to follow a new path in which all mankind worked in harmony for the common weal and the future of the whole world.

ITEM 1 OF THE PROVISIONAL AGENDA

Adoption of the agenda and other organizational matters

23. The PRESIDENT invited the Council to consider the provisional agenda contained in section I of document E/1991/100.

24. Mr. STOBY (Secretary of the Council) said that all the pre-session documents for the session had already been issued or would be available in time for the deliberations on the agenda items concerned.

25. The PRESIDENT said that, on that understanding, he took it that the Council agreed to adopt the agenda contained in document E/1991/100, section I.

It was so decided [decision 1991/273, para.1].

26. The PRESIDENT invited the Council to approve the programme of work in section II of document E/1991/100.

It was so decided [decision 1991/273, para.1].

27. The PRESIDENT informed the Council that Mr. Darko Silovic had been obliged, due to circumstances beyond his control, to resign from the post of Vice-President of the Council and that the Eastern European Group of States had nominated Mr. Naste Calovski (Yugoslavia) to replace him.

Mr. Naste Calovski (Yugoslavia) was elected Vice-President of the Council by acclamation.

Election of members of the Bureau for the Special High-level Meeting

28. The PRESIDENT reminded the Council that the Preparatory Meeting for the Special High-level Meeting of the Council had recommended, *inter alia*, that the Bureau for the Meeting should be composed of representatives from the same States as the Bureau of the Council for 1991, and that the Chairman of the Meeting should therefore be from the same State as the President of the Council. He invited the Council to elect by acclamation, as officers of the Meeting, Mr. Lakhdar Brahimi (Algeria) as Chairman and Mr. Abduliah Fadzil Che Wan (Malaysia), Mr. Bengt Säve-Söderbergh (Sweden) and Mr. Radomiro Tomic (Chile) as Vice-Chairmen.

It was so decided.

REPORT OF THE SOUTH COMMISSION (A/45/810 and Corr.1; E/1991/90 and Add.1 and 2).

29. The PRESIDENT welcomed Mr. Julius Nyerere, former President of the United Republic of Tanzania and Chairman of the South Commission, and the representatives of Venezuela, Norway and Senegal, whose presence testified to their commitment to the promotion of South-South cooperation. He also welcomed the Secretary-General's participation in the Council's deliberations.

30. The United Nations system must maintain its contribution to strengthening the developing countries' individual and collective self-reliance. UNCTAD's contribution had been most welcome in that regard. The members of the Council greatly appreciated the efforts of the Chairman of the South Commission and of all those who had joined him in the task.

31. The establishment of the Commission during what had been described as a lost decade for development reflected the urgent need to strengthen the principle of individual and collective self-reliance of the developing countries, through greater use of their potential for economic complementarity. The Commission's report had shed new light on the variety of potentialities inherent in the furtherance of South-South cooperation, based on the new vision of development which put people at the centre of its range of activities.

32. The report did not gloss over errors committed by the developing countries during past decades in their quest for speedy economic growth, such as the tendency to develop material resources at the expense of human resources, and to copy development experiments which failed to take account of local conditions. As a result, the Commission's proposed three-part agenda of action was intended as an expression of hope with regard to the South's individual and collective capacity to take up the development challenge through an authentic system of interdependence. But its success depended on mobilizing the efforts of the countries themselves and a substantial improvement in the international and economic environment, since South-South cooperation had never been intended to replace North-South cooperation. The international community must do its utmost to promote the economic and social well-being of the weakest links in the chain of nations. The United Nations was duty-bound to contribute to that task—as the General Assembly had recognized at its forty-fifth session.

33. The informal exchange of views to be held offered an appropriate occasion to consider the contribution the world community and the United Nations system could make to the recommendations contained in the South Commission Report. It should also lead to sectoral consideration of the recommendations, particularly those contained in chapter V of the report, by the relevant United Nations bodies. It was encouraging that, at its seventh session, the High-level Committee on the review of TCDC had decided to consider its contribution to implementing the South Commission Report at its next ses-

sion, to be held in 1993. The High-level Committee had set an example for other bodies and programmes of the United Nations system.

34. The SECRETARY-GENERAL paid tribute to Mr. Nyerere for his service to his country and to Africa, and his efforts in the search for solutions to critical global problems. He also thanked the other distinguished contributors to the South Commission Report.

35. For the past 10 years the developing countries had been increasingly marginalized. With few exceptions, their economies had stagnated or declined; the challenge of the 1990s was to find a way for them to return to sustained social and economic development. The need for urgent action was generally acknowledged, but the needed actions and the time-frame had still to be decided upon. The South Commission Report contained a balanced review of the developing countries' internal problems, provided a strong argument for strengthening popular participation in those countries, and stressed the importance of domestic economic reforms, including a reduction in military expenditures. Institutional and policy reforms in the developing countries must reconcile economic growth and social equity with the preservation of cultural identities. The Commission also rightly acknowledged the need for a comprehensive framework to deal with democratic and environmental problems, recognizing that a people's basic needs were the primary objective of development.

36. The importance of greater economic cooperation and integration among developing countries had been recognized. Although progress beyond a conceptual framework had been limited, there were encouraging signs at the regional level, such as the signing on 3 June 1991 of the Treaty Establishing the African Economic Community.[5] The Commission had provided renewed impetus for such efforts by emphasizing the political and economic imperatives of economic cooperation among developing countries in the broader context of multilateral cooperation.

37. The Commission also convincingly urged a reinvigorated North-South dialogue and appropriate reforms in international arrangements. The critical unresolved problems of the 1980s such as debt, lack of finance, insufficient commodity revenues and restricted access to markets could not be separated from the central issues of poverty, human development and the environment. The report provided a timely opportunity to address those critical issues in a new spirit of cooperation. The most important question was how to translate the ideas and recommendations into action. The United Nations would continue to support concerted international efforts to achieve the objectives outlined by the South Commission.

38. Mr. NYERERE (United Republic of Tanzania), Chairman of the South Commission, observed that, as the South Commission Report stated, responsibility for the South's development lay with the South. The discussions about strategy and the recommendations for action were addressed in the first place to the peoples and Governments of the developing countries. Peoples and their nations could not be "developed" from outside but must modernize in conformity with their cultures and national history.

39. Since, however, the South was inevitably affected by what the North did, or failed to do, the report also addressed the countries and institutions of the North. The United Nations and its agencies were set up, pursuant to the Charter, to maintain and extend world peace and security; and the international trade and financial institutions were intended to promote equity and well-being for all the world's peoples. The report was also addressed, therefore, to all those world bodies.

40. The report's discussions and recommendations were based on the premise that development was about people—a process to enable human beings to realize their potential, and lead lives of dignity and fulfilment, and a movement away from political, economic or social oppression. That definition implied freedom for individuals and nations. It required national and international democracy—the freedom of people to participate in making decisions which affected their lives. The definition demanded recognition of equality of persons within nations and of equal sovereignty among all States Members of the United Nations. It required discipline and impartial enforcement of the rule of law.

41. Its economic and social implications were equally important. Political freedom could not exist when peoples or nations were dependent upon others for their very existence. At the very least, they must struggle for an end to such conditions. Therefore, the Commission's first major strategic recommendation to the countries of the South was that they should direct all of their economic and social policies towards building national self-reliance, making the utmost use of human and natural resources. Policies and budget allocations in all spheres should be directed to that end.

42. Building national self-reliance would never be an easy task for developing countries. It would often demand politically difficult decisions to ensure reasonable equity during the development process and would require a concentration on projects and production methods that could make the most of the productivity of plentiful human and natural resources and make less use of those in short supply. A nation adopting such a strategy would use the energies and knowledge of its own men and women to the full. It would use its own experts before employing outside experts, and would expand the abilities of its own people and the number of its own experts through a high priority education policy. Special emphasis would be placed on the development of scientific and technological capacity. A balance appropriate to the country concerned would have to be found between State and market activities, neither of which enjoyed a monopoly advantage for the creation of a society based on equality, equity and freedom.

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[5] A/46/651, annex.

43. The responsibility for such action lay with the developing countries. The basic question for the North and for the international financial and trade institutions was whether they would allow developing countries to make their own difficult but necessary decisions in freedom; whether they would assist or hinder the building of national self-reliance; whether they would cease to extract billions of dollars annually from the impoverished; whether they would reconsider the design of the numerous adjustment programmes that were regularly imposed on the South in the light of their devastating impact on the poor; and whether they might consider it possible that wholesale privatization was not the answer to every problem in every country of the South and that all countries should be allowed to decide that matter for themselves, without sanctions.

44. The Commission's second strategic recommendation was that the countries of the South should act deliberately to build collective self-reliance through greater and increasing South-South cooperation. The Commission's report suggested some fertile areas for action and discussed ways and means of overcoming the problems. The development actions of individual countries could be expanded through South-South cooperation, leading to collective self-reliance; and a strengthening of all the countries concerned and of the South collectively. In the light of modern scientific and technological developments and of recent political changes in the North, the need for economic and social cooperation among countries of the South was imperative.

45. Virtually all the developed countries of the North were powerful and rich, the national income of Belgium alone being roughly equal to that of the whole of Africa south of the Sahara; yet the strong developed countries recognized the need for building greater unity among themselves, as in the case of the free trade pact between the United States of America and Canada and the move towards integration of economic and social policies among European countries, which would constitute a large, wealthy and powerful free trade area by the end of 1992. The countries of the South must learn from that example and make the best use of their resources for the development of their peoples.

46. The potential for South-South cooperation was greater than in the 1950s when the cooperation policy had first been adopted, because the countries of the South had become more heterogeneous. They were no longer merely primary producers. Many had a sizeable and successful industrial sector and a number of them exported manufactured consumer goods, motor vehicles and in some cases even aeroplanes and machine tools to the North. Students from other countries of the South could attend the South's excellent advanced educational and research institutions, which specialized in science, technology and other disciplines, and provided courses directly relevant to the conditions, needs and environment of the developing countries. Student interchange could be one facet of a greatly expanded people-to-people, business-to-business, non-governmental cooperation within and across the South. South-South cooperation would never become really effective until the people and their various organizations were involved. The Governments concerned would need to facilitate and encourage such cooperation, but individuals and organizations must be free to make their own contacts and contracts, within their countries' laws. The many useful areas of cooperation, including joint production, communications or service enterprises and intra-South university studies could all help to strengthen the economies of the South.

47. The Commission stressed that the responsibility for action towards collective self-reliance lay with the South itself, but the question again arose as to whether the countries of the North and the international institutions would help or hinder that process. The report called for their help and indicated areas for urgent action, foremost among which was an end to the huge annual transfer of resources from the poor South to the rich North. The South's own resources should at least be made available for its own development.

48. As the Commission pointed out in its third major strategic recommendation, a further lesson which the South needed to learn from the practices of the North was that of solidarity and united action. Vitally important international negotiations were proceeding daily in the Uruguay Round of multilateral trade negotiations, in environmental conferences, in UNCTAD, in IMF and the World Bank and in numerous other forums, and one or other developing country was daily negotiating with the North on debt, trade restrictions or other problems. Participants from the North attended virtually all those negotiations with an agreed position in which all internal differences had been settled or set aside. The Commission's view was that the countries of the South should also build effective solidarity among themselves, work out a common position for negotiations and act upon it at the regional and global levels as appropriate.

49. There was nothing confrontational in the call for solidarity. It arose from a recognition, first, that genuine negotiation leading towards a peaceful solution of differences could only take place when there was respect and some semblance of equality between the negotiators; secondly, that although very weak economically and backward technologically, the countries of the South largely acted individually in international negotiations; and, thirdly, that although it was strong and its nations were older and more stable, the North mostly acted in unity. In view of the inevitably strong nationalism in young nations and their administrative and technical weaknesses, it was a daunting task for the South to build its own solidarity, yet that was its own responsibility which no one else could assume. Outside interference could, however, make the building of effective solidarity even more difficult. Encouragement, and technical assistance where requested, could help considerably. The Commission was therefore once again asking the North and the international institutions to help or, if they were unable to do so, at least not to hinder.

50. The last major call to the countries of the South was for greatly increased emphasis on building and using a capacity for science and technology, whose ever-increasing importance was stressed in the report, together with a recognition of the lack of importance attached to them by most developing countries over the past three decades. Recommendations were made for action by the South and attention was drawn to areas in which the North could assist.

51. It was hoped that the report would be given serious consideration by the peoples and Governments of both South and North and by the international institutions. Among the many issues discussed in the report were those of the actual and potential contribution of women to development in the South, cultural development, militarism and corruption. Detailed recommendations were made throughout the report on the basis of serious analysis. Major successes had been achieved in the South and there was abundant evidence that its peoples remained undefeated by their problems. He commended the individuals, institutions, organizations and Governments in the North and the many international organizations which had offered valuable development assistance.

52. He stressed, first, that the responsibility for development in the South rested with the South itself and that that had implications in all fields of activity; secondly, because the North was the real holder of world power and its actions affected the South, it had an overriding duty to help and not to hinder the South in its development efforts; and thirdly, that the countries of the South had a right to call for special support from the international organizations. The fundamental division in the contemporary world, and one that threatened future world peace and security, was the division between North and South. Now that the East-West division was being healed, the Commission's desire was that South and North and all the international institutions should work together to build a world in which peace, security and dignity would be the birthright of all peoples, in which everyone could benefit from the advances of science and in which the world's resources could be prudently used to satisfy the needs of all and not merely the narrow self-interests of a few.

53. Mr. DURAN (Venezuela) said that his country attached particular importance to the new efforts to secure the solidarity of the countries of the South in the search for joint solutions to common problems, and had taken an active part in those efforts. At the current session of the Council, attention was being drawn to the conclusions reached and recommendations made by the countries of the South as a result of the work carried out over three years by a group of distinguished world personalities in development, with the support of institutions and individuals from a wide range of professions and ideologies throughout Asia, Africa and Latin America. Other commissions, including the Pearson Commission, the Brandt Commission and the Brundtland Commission, which had reported respectively in 1969, 1980 and 1987, had been concerned with specific problems of the South, and had all made significant contributions in analysing the challenges to be faced by the countries concerned, but those efforts had been focused on North-South relations, while the South Commission had been established by personalities from the South and devoted to an analysis of the problems of the South. Hence the great interest aroused by the report, which gave a unique picture from the South itself of the problems to be faced by that vast group of peoples known as the Third World, and comprising three quarters of the world population.

54. The report pointed out that, despite the progress in recent decades, the third world's problems were still horrifying, with 1,000 million human beings living in absolute poverty, 800 million suffering from hunger daily, 900 million adults in a state of illiteracy and 700 million without drinking water. The problem was overwhelming, and the underlying structural socio-economic problems had been seriously exacerbated by the financial crisis affecting the countries of the South in recent years, including the demands of external debt payments. While recognizing the magnitude of those problems, the South Commission realized the enormous opportunities open to the South itself to tackle those difficulties, in the light of its immense natural resources, including two thirds of the world's vegetable and animal species, enormous mineral reserves, skilled technicians and indigenous technology. Major markets and financial resources were unused or underused, as shown by the considerable financial deposits by citizens and companies of the South in banks in the North. The South, however, could not tackle its problems on its own and with its own resources. Despite the emphasis placed on national and collective self-sufficiency, the report stressed the importance of the North-South dimension, on which it made a number of interesting recommendations. That could not be otherwise in the light of the interdependence of the contemporary world. On the other hand, the North could not ignore the problems of the South, which had an inevitable impact on the North's well-being, as could be seen from the political instability resulting from socio-economic instability, environmental degradation arising from extreme poverty, mass migration and the increasing resort to illegal activities such as drug trafficking. Apartheid in South Africa had proved to be an unsustainable system within the boundaries of a country, and an "apartheid" of the North *vis-à-vis* the South would be even more unsustainable.

55. The Commission had taken full advantage of the Commission's independent status to analyse, in a spirit of genuine self-criticism, the difficult problems that had been dealt with so far by Governments in international forums in an aloof and indirect manner. The excesses of nationalism, authoritarianism, militarism, corruption, economic inefficiency and concentration of wealth and privilege in the hands of élite leaders were not problems peculiar to the South. They also existed in the North and the East. The members of the Commission considered that no serious treatment of the development problems of the South could avoid a recognition and analysis of those aspects. The Commission had thus performed a valuable service to the Governments of the South and to the pro-

cess of discussion by the international community, which might be followed as an example in similar future efforts in the North and the East to find an equitable and effective means of international joint action to deal with common problems.

56. While the Commission recognized that the countries of the South should pay major attention to the indispensable role of the market, the market's limitations could not be overlooked. The State had played an important role in promoting and implementing reforms and changes for the benefit of the most underprivileged social sectors.

57. The Commission had made similar comments with respect to the wave of democracy running through the world and had recommended that emphasis should be placed on a more integrated promotion of democracy that basically took account of the socio-economic situation and cultural diversity of the countries concerned to guarantee a more sustained and genuine participation.

58. The report applied an up-to-date criterion for dealing with other major contemporary topics such as the effects of East-West *détente* on the North-South question, the development of economic adjustment programmes in the South, a call for the North also to make its own economic adjustment in the interest of a complete international economic restructuring, and the impact of the formation of new economic groupings such as the European Community.

59. Some of the Commission's recommendations were already being implemented. A case in point was the Summit-level Group for South-South Consultations and Cooperation, better known as the Group of 15, which served as a forum for frequent consultations among developing countries with the aim of coordinating the policies and measures at the world level and assisting in the formulation and execution of programmes among them. The Group's next summit was to take place in Caracas and the approaches of the South Commission had been taken into account in its work.

60. Far from being animated by a spirit of confrontation, that approach carried a message about a new international order in the service of cooperation and peace. The report had rightly referred in its introduction to the need for the South to work towards an undivided world in which there was no "South" or "North", without a division between the rich, developed and dominant and the poor, underdeveloped and dominated. The objective was a world of equal opportunities and joint action to achieve agreed goals. The advance of science would be for the benefit of all and available resources would be used to satisfy the needs of all, not to serve the selfish interests of the few. That view of the world should be the concern of all members of the international community, and it could only be realized with the efforts of all concerned.

61. Rapid changes were taking place in the world and there were numerous opportunities that must not be wasted. Systematic changes had taken place in the internal structure of States, in the distribution of power in international politics and in relations among States. On the threshold of a new millennium, the world was moving towards a new world order in which all States must participate and ensure that the emerging potentialities would be used for the benefit of all peoples, under the protection of a renewed and strengthened international solidarity.

62. There were extraordinary challenges in international trade where the successful conclusion of the Uruguay Round of multilateral trade negotiations was of crucial importance, as was the protection of the environment, a solution of external indebtedness and the energy question. Venezuela had taken an active part in the efforts to meet those challenges.

63. His delegation hoped the South Commission's report would be discussed in the South, the North and the East as fully as possible and that its recommendations would be taken into account by Governments and non-governmental organizations with a decision-making capacity, in the interest of the peoples of the South and of the world as a whole, and that United Nations resources would provide support. Venezuela reiterated its commitment to the cause of peace, cooperation, democracy and all activities that could contribute to the building of a world of solidarity.

64. Ms. HERNES (Norway), speaking on behalf of the Nordic countries, said that the Commission's report was the most thorough analysis so far of the South, by the South, and for the South. Its clearly stated recognition of the South's primary responsibility for its own destiny was welcome, given the recurrent, and not always unjustified, criticism that had been levelled at other declarations from the South for placing too much of the blame for failure, and too much of the responsibility for doing better, on the developed countries.

65. The first part of the report, concerned with the national level, rightly stressed the importance of developing human resources, including improving the status and education of women, since people were both the end of, and the most important means for, all economic and social development. As democratic processes, respect for human rights and improved and equal opportunities for all people to participate in economic, social and political activities were key elements for broad-based development in any country, it was gratifying that the issues of democracy and broad popular participation should be so well covered. Without broad participation, and a system based on accountability and transparency that could fully release the people's creative potential, there could be no broad and lasting development. Recognition of that fact could not be transferred from the North but must originate in the South itself.

66. The report was frank about the challenges facing the countries of the South in respect of the importance of ensuring good government and the effective use of scarce resources. Progress in that area would lend additional moral weight to the South's demands on the developed countries of the North.

67. As the World Commission on Environment and Development (Brundtland Commission) had pointed out, development in the longer term would be impossible unless the criteria for sustainable development were met. The Nordic countries welcomed the essential, though brief, chapter of the report underscoring the importance of the South adopting an environmentally sensitive approach to development. Environmental degradation was both a cause and an effect of poverty. There could be no real long-term solution to the poverty problem unless environmental concerns were properly integrated into all development activities. The link between environment and development had been highlighted in the declaration of the recent conference of developing country Ministers of the Environment in Beijing. That conference had been an important step in preparing a platform for the South to use in the international negotiating process.

68. The report also described what could be done on a regional level. There was great and largely untapped potential for South-South cooperation and the Commission had suggested, among other things, the establishment of a South bank and a third world chamber of commerce. Past experience, that of the Southern African Development Coordination Conference for example, showed that much could be gained from such cooperation if there was adequate commitment and determination on the part of the participating countries. The Commission had suggested that a South secretariat should be established to provide institutional backing for the South's efforts to enlarge South-South cooperation and the Nordic countries had demonstrated their support by helping to finance a temporary South centre in Geneva to follow up the Commission's recommendations and, it was hoped, pave the way for a South secretariat.

69. The report contained a number of proposals for action at the global level. There were signs that the South's recognition of its primary responsibility had been accompanied by an equally essential recognition by the North of its responsibility for ensuring an international environment that would be more conducive to the South's development efforts. Unfortunately, the recognition of that shared responsibility had not so far been accompanied by adequate practical responses from the North. The Nordic countries joined the South Commission in urging that more should be done to reach the internationally agreed targets of 0.7 per cent of GNP in ODA and at least 0.15 per cent of GNP in aid to the least developed countries.

70. The report put forward a number of creative and visionary proposals for debt alleviation, global economic management and international trade which would no doubt come up in relevant international forums in due course and make a valuable contribution to the North-South dialogue.

71. She stressed the importance placed by the Nordic countries on the shared responsibility of the North and the South for meeting the global environmental challenges that lay ahead. To make it possible for the South to shoulder its part of the responsibility for protecting the common heritage, it should receive financial and technological assistance in addition to the existing development assistance.

72. Mr. SENE (Observer for Senegal) said that the Commission's report recommended strategies for taking up the challenges that faced the South based on the lessons of the past, the current international situation and the prospects for the future. The report pointed at the increasing disparities between the North and the South through a comparative analysis of such socio-economic indicators as infant mortality, nutritional levels, school attendance, structural and institutional deficiencies, unemployment, inflation, indebtedness, the collapse in commodity prices, the degradation of the environment, and their manifold repercussions on the poorest groups in the developing countries. At a time of accelerating scientific progress and technological information, the communications revolution and growing economic interdependence, the ties between the North and the South must make it possible to mobilize their collective energies in order to eliminate the poverty and underdevelopment which were the chief causes of environmental degradation in the South.

73. The South's aim, according to the report, was true world interdependence in which all nations in all their diversity would work together to achieve goals fixed by common accord, and in which peace, security, dignity and lasting development would be the birthright of all peoples.

74. Although it stressed the need for an international environment favourable to development and called for efforts to advance the North-South dialogue, the report also stressed the developing countries' own responsibility for building a better future. It devoted considerable attention to the ongoing work of political and economic reform and to the need to improve economic management and human resources as well as to restore democracy while avoiding bureaucracy, authoritarianism and corruption. The report made it clear that, in the last analysis, the appeal of the South for justice, equity and democracy in international society could not be separated from the pursuit of those same goals within the countries of the South themselves. Attachment to democratic values, respect for fundamental rights, the right to disagree, fair treatment for minorities, care for the poor and handicapped, probity in public life, and the will to settle differences without resort to violence, would all influence world opinion and increase the South's chance of securing a new international order.

75. The report went on to discuss such matters as entrepreneurship, private initiative, the role of women in development, the importance of cultural factors as sources of creativity, and the role of the State in the effort to achieve development goals. It emerged quite clearly that detailed and constructive negotiations would be necessary to ensure the effective and equitable management of an increasingly interdependent world. The integration at the world level of the monetary and financial markets and of production and technology had far-

reaching effects both on the global economy and on that of the South. Before engaging in those negotiations, however, the South must strengthen its collective position, drawing on the lessons learned in the 1980s in trying to build a more equitable international economic system.

76. The report rightly stressed the need to improve communication among the countries of the South, promote interregional trade and expand the field of cooperation among developing countries in order to make the best possible use of its diversity of resources, skills, capacities and scope for investment. Institutions and mechanisms already in existence must be used to help the South to mobilize its human and financial resources.

77. The report gave due importance to culture, which must be included in development strategies in order to attract the support of the people and mobilize their enthusiasm and creative potential for dealing with current problems. Respect for the cultural dimension would help to avoid alienation and social disintegration or a retreat into retrogressive and obscurantist ways of thought. The cultural field also offered vast possibilities for South-South exchanges in the arts, publishing, music, cinema, tourism and so on.

78. The South's possibilities of development were obviously clearly linked to improved relations with the North. The question before it was not how to break with the North—which would be absurd—but rather how to transform the relationship from one of exploitation to one of mutual advantage, from domination to partnership. The North needed the South just as much, for reasons of self-interest, as the developing countries assumed an increasingly important role in the world economy. No country or group of countries, no matter how rich or powerful, could solve the world's problems without the participation of the rest in securing a more equitable system whereby an interdependent world would be managed in the interest of the developed countries, those in transition and the developing countries. New international machinery was needed to cope with the complexity of the world economy that had resulted from the increase in the number of economic actors and transactions.

79. On the topic of energy, the report came out in favour of an internationally accepted system to avoid the South's development being hampered by inability to organize an orderly expansion and equitable distribution of non-renewable resources. The report's view was that the world economy needed an energy regime that would be stable, capable of coping with fluctuating prices and demand in a way equitable for both producers and consumers. The meeting in Paris organized by France and Venezuela had provided an opportunity to take up the oil question in detail.

80. On the question of the environment, the report made it clear that although the countries of the South confronted many ecological dangers, the major responsibility rested with the North. With only 20 per cent of the world's population, the North consumed 85 per cent of its non-renewable energy resources. It should take steps to adjust both production and consumption and to reduce greenhouse gas emissions. Solving the world's ecological problems would demand immense additional resources and the transfer of environmentally safe technologies. The ecological agenda was loaded with political, economic and social implications for the future of all the countries of the South, and they must work out a collective response for negotiations with the North. Political will must be mobilized to find realistic and effective solutions to the problem of development and environment. All efforts must be mobilized to ensure that the United Nations Conference on Environment and Development in 1992 marked a decisive advance towards lasting development and global security. In any event, resumed development in the South was vital to the protection of the world environment, for poverty was a major cause of environmental degradation. There could be no question of measures to protect the environment that would result in keeping the South in poverty.

81. The people of the South, who constituted the immense majority of the world's population, must be able to influence the course of history in a way that rejected marginalization, instability and underdevelopment. That was the aim of the Summit-Level Group for South-South Consultations and Cooperation set up in June 1990 at Kuala Lumpur. The Group's aim was to forge a joint approach and work out a set of options and strategies based on the needs and views of the South. It hoped to serve as a catalyst for the South's efforts both to strengthen South-South cooperation and to improve North-South relations, to act as an engine for the South's collective advance, and to restore international cooperation for the benefit of lasting development, stability and world peace.

The meeting rose at 1.00 p.m.

SPECIAL HIGH-LEVEL MEETING

Summary records of the 1st to 4th meetings, held at the Palais des Nations, Geneva, on 4 and 5 July 1991

1st meeting

Thursday, 4 July 1991, at 10.25 a.m.

Chairman: Mr. Lakhdar BRAHIMI (Algeria)

E/1991/SHLM/SR.1

PROVISIONAL AGENDA ITEM 1

Opening of the Meeting by the Chairman

1. The CHAIRMAN declared open the Special High-level Meeting.

Statement by the Chairman

2. The CHAIRMAN said that the Meeting would review the implications for economic growth of the historic transformations in Central and Eastern Europe. In the developing world there were fears that the outcome might be closer East-West ties at the cost of a widening North-South gap. It was noted that the PHARE programme (*Pologne-Hongrie: Assistance à la restructuration économique)*, on the scale of the Marshall Plan, had been set up in record time for the countries of Central and Eastern Europe, while the South had been left since 1983 to conduct its own Marshall Plan in the form of the net transfer of resources to the developed countries to the tune of over $100 billion. The Group of 24 planned to mobilize resources on a similar scale for short-term assistance to the European countries in transition, more than twice the ODA to all the third world countries. Similarly, the trade advantages being negotiated under the aegis of EC and EFTA, were in sharp contrast to the meagre concessions to the developing countries under the GSP. The developing countries' position in world trade, which had already cost them more than over twice their total annual ODA, was likely to worsen. In the case of the Bretton Woods institutions pressure in favour of Central and Eastern European countries seemed likely to offset the positive effects of the recent increase in the World Bank's capital and the ninth quota review of IMF. The slow and piecemeal application to the developing countries of the so-called international debt strategy contrasted sharply with the speed of efforts in favour of Central and Eastern Europe, such as the debt concessions made to Poland, which made a mockery of the meagre provisions for the least developed countries under the terms of the Economic Summit held in Toronto in June 1988, by the seven major industrialized countries. EBRD with capital in excess of $13 billion had been set up in only 6 months, whereas it had taken over 15 years of hard bargaining to establish the Common Fund for Commodities, to serve 128 countries totalling over 4 billion inhabitants, with a capital less than one quarter of the Bank's.

3. The impact of the new East-West relations had also been felt in East-South trade. The collapse of CMEA had particularly affected the organization's three developing-country members and eight others closely associated with it.

4. Potentially positive consequences could be expected from the end of the cold war, with the prospect of speedier disarmament and progress in settling a number of regional conflicts. The integration of the Central and Eastern European countries and the Soviet Union into the world economy was to be welcomed as a chance for new markets, technological advances and human resources development. But global interdependence required intensified North-South cooperation to reverse the tendency to marginalize the developing countries.

5. Unless the integration of the countries of the East went hand in hand with economic revival in the South, world economic imbalances would continue to worsen and to threaten peace and stability. The world community must strive to ensure that the spirit of cooperation which marked current East-West relations was extended to North-South relations, making international cooperation not simply a slogan but a shared ideal and a genuine programme of interdependence and solidarity.

Statement by the Secretary-General

6. The SECRETARY-GENERAL said that the unprecedented changes in the Soviet Union and Eastern Europe had brought greater pluralism, easing of tension, an end to the cold war and the prospect of sizeable reductions in military expenditure, that could free resources for economic and social development. The Eastern European countries were moving rapidly towards market economies, with greater scope for private enterprise and foreign investment. But foreign capital was less plentiful than had been expected, and the adjustment of production and markets to world prices was proving difficult.

7. It was also proving difficult to maintain a balance between economic, social and environmental reforms and their political consequences. There seemed however to be a readiness to accept short-term sacrifices as the price for higher levels of living made possible by more productive and competitive economies.

8. As in the developing countries, reconstruction was hampered by the deterioration of the world economy. It was essential that the industrialized countries should assist the reform process by creating a favourable world economic climate.

9. The integration of the Central and Eastern European countries in the world economy presupposed their participation in multilateral trade and financial arrangements. Access to industrialized country markets was essential. In that context, the successful completion of the Uruguay Round of multilateral trade negotiations must be a priority. It was necessary also for the resumption of growth in the developing countries. The industrialized countries would also need to assist the countries undertaking reconstruction programmes to obtain the capital needed in the form of assistance, loans and investment.

10. In order to strengthen their position in the international organizations the countries of Central and Eastern Europe would have to adapt their economies to the principles and rules of multilateral trade. Their full integration in world trade and finance would be of benefit to all.

11. The United Nations system had been asked to furnish analytical and operational assistance, including technical assistance and training in macroeconomic and microeconomic policies. The World Bank and IMF were playing a key part in that regard. ECE's contribution had been particularly useful. Events in Central and Eastern Europe were being closely followed by ACC.

12. The impact on the developing countries was a matter of great concern to the United Nations. The reconstruction of Eastern Europe and the Soviet Union might have complex and unexpected repercussions on the developing countries, which would be competing not only for their share of the aid available but also for direct foreign investment and access to overseas markets for goods and services. Debt service problems would be accentuated by higher interest rates due to the increased demand for capital.

13. On the other hand, the development of Eastern Europe and the Soviet Union would provide the developing world with new opportunities for exchanges of goods, services and capital.

14. To assist the reconstruction process and help the developing countries to benefit from the opportunities offered, the international community must ensure that a number of conditions were met. First, assistance to Eastern Europe and the Soviet Union must be genuinely "additional" and productive; ODA flows to the developing countries must not be diverted or curtailed. Secondly, the developing countries' needs should be given a special place in the rich countries' trade, financial and investment policies. Thirdly, the new economic cooperation between the Central and Eastern European countries and the developing countries should further the interests of all the parties concerned.

15. After the initial euphoria, there was a growing awareness of the formidable obstacles still to be overcome by the process of reform in Eastern Europe and the Soviet Union. The process would affect the living conditions and well-being of millions. He believed the industrialized countries and multilateral agencies were in a position to assist them by creating a suitable economic climate at the world level.

Adoption of the agenda

16. The CHAIRMAN invited the Meeting to adopt the provisional agenda set out in document E/1991/83.

The agenda was adopted.

AGENDA ITEM 2

Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation

17. The CHAIRMAN drew attention to the Declaration of the Algiers Colloquium on the Impact of the Recent Evolution of East West Relations on the Growth of the World Economy, in particular on the Economic Growth and Development of the Developing Countries, as well as on International Economic Cooperation (E/1991/78, annex). He invited the Chairman of the Colloquium to address the Meeting.

18. Mr. OUMAROU (Chairman of the Algiers Colloquium) said that the Colloquium, like the Special High-level Meeting, had been concerned with the economic impact of changes in East-West relations, particularly on the developing countries and international economic cooperation. It had focused on five topics: (*a*) the prospects for peace, security and disarmament and their effects on the world economy and development, particularly in the developing countries; (*b*) the progress, problems and

prospects of the transition taking place in Central and Eastern Europe and the Soviet Union, including the human aspect; (*c*) the integration of those countries into the world economy, including the need for particular attention to multilateral trade and international financial machinery, as well as the process of European integration; (*d*) the implications of such changes for the world economy, particularly in the developing countries; and (*e*) the prospects for multilateral cooperation for development.

19. The Colloquium's deliberations and recommendations were summarized in document E/1991/78. The proceedings had reflected the participants' keen awareness of the exceptional, historic nature of the subject.

20. Mr. AWOONOR (Ghana), speaking on behalf of the Group of 77, said that the changes in Eastern Europe and the Soviet Union presented the international community with new challenges and opportunities. The end of the cold war provided an opportunity to move from confrontation to cooperation and should release resources for social and economic development. It was now possible to settle regional conflicts and create the peaceful conditions necessary for development.

21. The challenge faced by the countries of Eastern Europe and the Soviet Union as they tackled the enormous problem of reconstruction required a balance to be struck between their relations with the West and with the developing countries. A recognition of the need for ties with the South should balance any desire they might have to move completely into the Western orbit and sever their links with the nations of the South. Economic relations with the developing countries had already been weakened, to the detriment of developing countries that had been linked with the socialist camp.

22. Developing countries continued to face a difficult economic situation and their efforts were undermined by an international economic system that expropriated the fruits of their labour. They remained at the fringe of the international economic system in which the lion's share of the benefits went to the developed countries—a system controlled and managed by the former colonial powers and their allies for their own benefit. As Eastern Europe and the Soviet Union prepared to join the mainstream of the international economy, they must seek to change the inequitable international economic system to one based on true partnership for the benefit and enjoyment of all peoples of the world. The opportunity to restructure the existing inequitable international economic regime should not be missed. If the developing and disadvantaged countries continued to be marginalized by a cartel of exploiters, the result would be an economic and social upheaval of catastrophic global proportions.

23. The industrialized countries' attention was concentrated on developments in Eastern Europe and the Soviet Union and wholehearted efforts were being made to mobilize resources and assistance for the countries concerned. EBRD was expected to be provided with billions of dollars of capital in order to channel resources for reconstruction in the East. In what had been described as a unique case, Poland had enjoyed a 50 per cent cancellation of the debts it had owed to creditor Governments. It might be asked whether that uniqueness lay in the fact that Poland was European, or was based on geopolitical considerations that did not apply to the vast majority of the developing countries of the South. Considerable resources had also been committed to the countries of Eastern Europe and the Soviet Union by bilateral donors and multilateral institutions, including IMF and the World Bank. The underlying rationale should be the same for all countries. The *World Economic Survey, 1991* (E/1991/75) rightly pointed out that a higher order of magnitude of debt relief was needed if a seriously over-indebted country was to make progress in economic transformation and structural adjustment at a politically acceptable rate.

24. It was perhaps necessary to help to create a rejuvenated and dynamic Eastern Europe which could, in appropriate circumstances, contribute to the expansion of the world economy. What concerned the developing countries was that the same zeal, commitment and resourcefulness had not been brought to bear on their own harsh economic problems. The description of the countries of Eastern Europe as economies in transition carried a biased implication that the time required for them to emerge to complete the transition was relatively short and that resources and attention should be concentrated there first. Developing countries also considered their existing underdevelopment as transitory and hoped that they might before long achieve higher standards of living for their people.

25. To single out Eastern Europe for massive aid to the neglect of the developing countries of the South was discriminatory and politically short-sighted. Each group was an important component in an increasingly interdependent world.

26. The entire world system needed a restructuring of its existing institutions and mechanisms and a reexamination of their underlying philosophies and objectives so that they could respond to the needs of all. The international monetary and financial system, including the exchange rate, quota and SDR mechanisms, needed to be radically revamped. To meet the increased demand for resources, international liquidity must be expanded through adequate SDR authorization, which might be linked to development. A solution to the external debt problem of the developing countries should also be found, and the international trading arrangements must be restructured to remove trade barriers and restore free trade to its proper role in an expanded world economy, with appropriate concessions to the developing countries. A fair exchange mechanism for goods on the global market must be seriously considered as a vital item on the global economic agenda.

27. Without a fair and balanced global economic order that considered the needs of all nations without prejudice, the efforts to achieve political democratization in many nations of the South would come to naught and

there would be chaos and civil strife, bred by poverty and political cynicism.

28. The Group of 77 called for democracy in world markets, in which everyone should receive a fair and just return for his labour. That alone could end the humiliation of charity and its perpetuation of dependence and underdevelopment. The world needed leaders of vision and courage who could seize the opportunity offered by the ending of the cold war to reorder the conduct of international affairs and institutions so as to make them truly democratic and just. No part of the world should suffer neglect and indifference in the new order, for if it did, the struggle of the neglected to receive fair treatment, redress and justice would assume ugly proportions and have dire consequences for the entire world.

29. Mr. PRONK (Netherlands), speaking on behalf of the European Community and its member States, said that East-West *détente* and cooperation, globalization of markets as a result of technological and economic factors and a realization of the close interaction between production and the environment had fundamentally changed the policy-making context. There were enormous opportunities for enhanced multilateral cooperation to deal effectively with such global issues as the protection and promotion of human rights, the promotion of growth and development, national and international action to remedy existing inequalities, environmental protection, migration flows and the fight against discrimination, racism and xenophobia. The changes in Eastern Europe had strengthened an already perceptible trend in various regions towards political pluralism and economic liberalization. Those changes had taken place in the recognition that democracy and human rights were indispensable for socio-economic development. The guarantee which they offered of freedom of speech, public scrutiny, accountability and equality before the law contributed to efficient allocation of scarce resources and to equitable sharing of the fruits of development.

30. There was no universally applicable system of democracy. A country's system was the fruit of its history, culture and traditions, and the realization of democratic and pluralistic structures in other countries should be based on their own historical, cultural and traditional background. On the basis of its own experience, however, the European Community and its member States had concluded that three interrelated concepts were important for achieving equitable and efficient economic and social management: (*a*) a political system based on pluralism, broad participation in decision-making and respect for human rights; (*b*) a market oriented economy; and (*c*) a public sector that provided the necessary social, economic and physical infrastructure and promoted equity.

31. In the development process, the success of social, economic and political reforms depended on the full commitment of the governments and peoples of the countries concerned. Developing countries had to pursue sound development policies. External assistance and a favourable external environment could contribute to the rapid and effective implementation of the reforms undertaken, and the European Community and its member States were committed to playing their full part in that respect.

32. New developments in Eastern Europe should not distract attention from the persistent problems in many developing countries, particularly the poorest and least developed, for the solution of which external assistance was indispensable. The financial flows to Eastern Europe were additional and in no way diverted development assistance from developing countries.

33. The transition process in Eastern Europe was unprecedented, and it was difficult, with no examples to go by, to gain an idea of the effects of the historical change on the developing countries or of the opportunities it offered them. Some helpful material had been issued recently, however, including the report of the Secretary-General (E/1991/82), the CDP report on its twenty-seventh session (E/1991/32), the *World Economic Survey, 1991* (E/1991/75) and the Summary of the Economic Survey of Europe, 1990-1991 (E/1991/64). The European Community and its member States had taken note of the Declaration of the Algiers Colloquium (E/1991/78, annex).

34. In the longer term the impact of the transformation in Eastern Europe on developing countries and on the world economy in general was likely to be positive, both politically and economically. Meanwhile, the short- and medium-term consequences for the developing countries had to be considered. There was a marked diversity in the changes taking place in Eastern European countries and in the developing countries, but some general observations could be made. First, domestic policies in well-defined areas relevant to socio-economic and political transformation were essential. Policies for shaping a sound national economic environment in the countries concerned would be of great importance in determining the context for national and international private enterprise and the extent to which they could contribute to development. Good governance was also important. Some Eastern European countries could be commended for their political courage in implementing policies that often meant material short-term sacrifices by the population in order to restructure their economies. Sound public expenditure policies, human resources, institutional development, environmental constraint, development of natural resources and energy policy were all vital elements for achieving and sustaining growth. Secondly, in view of resource constraints in international capital markets, countries should develop their own domestic capital markets. Thirdly, the European Community and its member States shared the view expressed in the CDP report that international institutional arrangements to enhance cooperation and coordination deserved particular attention. Appropriate coordination between countries within the region, and with external participants, was important for ensuring mutually supportive economic strategies and interaction.

35. CDP had reported that the consequences for developing countries of the changes in the external environment had so far been virtually negligible, which might indicate that the transition was only just beginning to take effect. In the short- and medium-term, problems might arise for developing countries as a result of the restructuring of trade patterns in Eastern Europe and some overlapping of export interests, but they were likely to be offset by the opening of new markets in Eastern Europe, which had hitherto been virtually closed. That would encourage imports of such items as tropical products and manufactured goods where there was a strong elasticity of demand and severe shortages existed.

36. With respect to direct foreign investment, the various reports concluded that commercial capital had barely begun to flow towards Eastern European countries but was expected to do so in the future according to individual performance. Investments would take off only after the consolidation of the transition and the creation of conditions for higher productivity. Although the direction taken was clear, there were many issues yet to be settled and conditions to be fulfilled.

37. The European Community and its member States had stated that the capital flows to Eastern European countries would not lead to any diversion of aid funds. It fully agreed with the Secretary-General's statement to that effect.

38. Individual developing countries that had developed special ties with Eastern Europe had already begun to feel the effects of the transition either on trade or aid or both. It was hoped that the new developments would be an incentive for those countries to reconsider and reshape their political systems and economic policies, and there were positive signs in that direction. The Eastern European countries should be encouraged to find ways to maintain and gradually strengthen their capacity to give development assistance to developing countries. The European Community and its member States were confident the Eastern European countries would be able to play their proper role in the international donor community in the near future. Countries in a position to do so could help to speed up that process. As stated in the CDP report, no other significant effects had yet been identified, but once the transformation speeded up, considerable resources would be needed for Eastern Europe and for other purposes, such as rehabilitation in the Middle East and relief operations for the many emergencies throughout the world, as well as to sustain and enhance development cooperation with the developing countries. Efforts must be made to increase savings in all parts of the world by reducing budget deficits through reduced public expenditure and appropriate tax levels. The transition in Eastern Europe offered market opportunities to developing countries which they must seize. A transformed Eastern Europe would contribute to the global economic environment in which industrialized and developing countries would cooperate.

39. It must be recognized that analysis of the reform in Eastern Europe and its consequences remained uncertain. In the longer term it would benefit the world economy as a whole, and the negative aspects on developing countries at present appeared likely to be negligible. The reform would, in the long run, offer trade and investment opportunities to all regions, but during the transition period there would be uncertainties and some risks, particularly for the developing countries.

40. The ultimate objective for national and international policy makers must be that the period of transformation in the world would bring positive results. There was no reason why the dynamism that was attracting international attention in Eastern Europe should not draw similar attention to developing countries. That would result in greater foreign direct investment, more competitive economies and, in the long run, prosperity. It would also strengthen donor confidence as industrialized countries endeavoured to meet the agreed aid targets. The United Nations system could help by assisting in policy development and furthering national and international dialogue to strengthen global consensus. It could also promote an understanding of various cultures and traditions that would allow the best use to be made of national characteristics for achieving sustainable development.

41. Trade would continue to be an important source of development, particularly following a successful outcome of the Uruguay Round of multilateral trade negotiations. The increased political and economic cooperation between East and West and the lowering of tariff and non-tariff barriers naturally narrowed the scope of differentiated and preferential regimes. To view that as a negative development, as developing countries sometimes did, appeared unjustified. Prospects for thriving international trade and increased growth in the world economy improved the outlook for development.

42. The European Community and its member States had read with interest the CDP's view on the possibility of a peace dividend, and agreed on the need for realism in that respect. Developing countries and Eastern European countries should be able to make savings in military expenditure in their national budgets, particularly as a result of the new international political situation.

43. Reference was made in the documentation to migration. The human suffering related to employment problems, language barriers and social isolation of potential migrants must be avoided. Since the first to leave would be the best educated and most highly skilled, that would undermine the development potential of their countries of origin, and probably have long-term adverse effects.

44. The Gulf crisis and the many emergency situations and natural disasters throughout the world certainly had an influence on the development agenda of the 1990s, but at the same time, the positive developments in Eastern Europe and elsewhere provided tremendous opportunities which must be seized. The European Community and its member States were confident that the countries of the East, North and South would show their firm commitment to meet the development challenges presented

by the 1990s. Its commitment to the developing countries remained undiminished.

45. Mr. REZEK (Brazil) said that Brazil had observed recent developments in East-West relations with interest. The settlement of the cold war political and ideological conflicts had opened up new prospects of cooperation and understanding. His delegation was aware that the theoretical and practical problems the Eastern European countries must tackle in their transition to a market economy were neither negligible nor few, but it was confident that the ingenuity of the peoples concerned would enable them to accomplish the task.

46. It did not appear feasible, in the limited time available, for the Council to weigh the positive and negative aspects of the change in East-West relations in order to predict the final outcome. The Council's task was to seek a political commitment for the general guidance of the world community's actions in the new context brought about by the reduction of international tension. Divisions that many people had believed would survive for at least another generation had disappeared. The world had reached a unique historical moment of convergence of values and concepts on issues vital to the future of mankind. With the new spirit of cooperation and understanding it was natural that priority attention should be focused on the unfortunate division between the growing prosperity of the developed world and the poverty of the majority of the world's population. Recent developments in East-West relations should direct attention to the problem of economic development and correction of the distortions that hindered it. It was difficult to believe that any improvement in the political climate of relations between peoples could impair the sense of solidarity underlying the work of the United Nations.

47. The fuller integration of the Eastern European countries into the world economy was a positive trend that would certainly help global economic growth in the long term. Greater participation by those countries in world trade would imply increased competition in supply and demand. Economic competition between and within countries was essential for promoting economic rationality and thus for increasing wealth, but for that purpose it was essential for the international community to respond adequately to the challenge posed by the transformation in Eastern Europe without detracting from older, and equally valid, priorities. It was essential in international cooperation not to overlook the plight of countries, particularly the least developed, facing particularly severe difficulties in their economic development process. The crisis affecting many African countries should continue to receive very special attention.

48. It was also vital that the process of integration should strengthen the principles of economic multilateralism, including the MFN concept. A term developed in international trade, it expressed equally well the spirit of openness and equity that should guide all types of international exchange. The issue of external debt, for example, should be approached in that spirit.

49. The emergence of the new spirit of cooperation had removed the limiting influence once exercised by schemes inspired by geopolitical or geo-ideological considerations on collective efforts to solve socio-economic problems. Currently, a universal outlook and universal concerns prevailed. It would be sad if new restrictive attitudes were to replace the old ones and disrupt international cooperation.

50. He trusted that such a turn of events would not come about and that the international community would be able to measure up to the opportunities that presented themselves. The United Nations and its Economic and Social Council had a vital part to play in the process.

51. Sir David HANNAY (United Kingdom) said that the events of the last two years in Eastern and Central Europe were part of a worldwide trend. Similar changes had taken place in many parts of the developing world, in particular in Latin America. It was increasingly recognized that democracy and free enterprise were closely connected. The industrial countries of the West had welcomed the developments in Eastern Europe and provided substantial assistance aimed at facilitating the transition from centrally-planned to market economies and at encouraging political pluralism through the provision of appropriate advice, skills and training. At the same time, the thinking of donor governments had undergone a similar development in relation to developing countries. The importance of good government as a key factor in achieving development was increasingly recognized, which had perhaps led to the concern about the possible introduction of "political" conditionality.

52. In his delegation's view, good government was a concept which embraced both economic and political freedom. It included the need for competent governments, capable of operating sound economic policies, using resources effectively, resisting corruption and shunning excessive military expenditure. It included the need for legitimate and accountable governments, which encouraged freedom of expression, political pluralism and broad participation in the development process. It also included respect for the rule of law and for human rights. Another key point was that good government must be home-grown and not something imposed from the outside.

53. It was the absence of those rights in Eastern Europe that had led to the social, economic and political crises that had ended one-party rule. Good government was vital if aid was to be put to good use. It was not a question, therefore, of imposing a new and artificial "political" conditionality but merely of recognizing that sustainable development had to be broad-based, that individuals and groups needed to be involved in decision-making processes and to share the fruits of development, that the best guarantee of competence in government was openness and accountability and that sustainable development could not take place without respect for human rights and without popular participation. As an aid donor, the United Kingdom applied that approach with great flexibility, varying it from country to country. The central objective, however, was something on which

everyone agreed: nobody wanted to see aid used ineffectively and nobody was in favour of rewarding bad government. The policy was applied in a way designed to help both the developing countries and the countries of Eastern and Central Europe to help themselves.

54. It had been suggested that there was a risk that developing countries would find their products competing in Western markets with new products from the East. It was true that some developing countries might lose the benefits of managed trade agreements with Eastern European countries but relatively few would be significantly affected. To offset such a risk, the countries of Eastern Europe offered considerable economic potential in the longer term. They offered a market for the exports of the developing countries which had considerable room for expansion. The long-term potential of the Eastern and Central European countries as donors of aid and technical assistance must also be borne in mind. In the past, that aid had been concentrated on relatively few countries and heavily tied to procurement in the donor countries, and much of it had been in the form of arms. Although the Eastern European countries might not become major aid donors in the immediate future, he was confident that they would wish to do so before long.

55. Another concern was the risk of the diversion of financial flows from the South to the East. The United Kingdom was indeed giving aid to Eastern Europe, but overall expenditure for Central and Eastern Europe under its bilateral programmes had been £15 million in 1990-1991 and would be about £30 million in 1991-1992. That compared with United Kingdom aid flows to the developing countries in those years of between £1.6 billion and £1.7 billion. Moreover, assistance to Eastern Europe was in addition to and not a substitute for assistance to the developing countries. There had been no diversion of aid funds from the developing countries and most donor countries were on record as saying there would be no such diversion. Taking into account the benefits to the developing countries of events in Eastern Europe, the developing countries could hope to be gainers in the long term.

56. The issue of other financial flows, particularly debt relief, was more complex. Much attention had been paid to the debt relief package given to Poland by its Paris Club creditors in support of its adjustment programme and some attempt had been made to contrast it with the treatment offered to developing countries. However, the Paris Club had offered similarly generous debt reduction terms to Egypt, which was a developing country, when it too embarked upon a major programme of economic reform. The distinguishing feature in both cases was the very high proportion of total debt owed to government creditors. Many middle-income countries owed most of their debt to banks. Just as the Paris Club had been realistic about what Poland and Egypt could afford to pay, bank creditors had been encouraged to be realistic about what their borrowers could afford. That was the rationale behind the Brady Plan,[1] under which creditor governments had been contributing through IMF and the World Bank in support of voluntarily negotiated debt reduction agreements for countries pursuing economic reforms. There was no doubt, however, that the agreements for Poland and Egypt underlined the need for the Club to do more for the poorest countries which also owed most of their debt to government creditors. The United Kingdom had strongly supported the Toronto terms agreed upon for those countries in Toronto in June 1988, and in 1990 it had put forward its own proposals for new and more generous treatment for the poorest countries. It hoped that a new approach would soon be agreed upon including important elements of those proposals. Of course, debt reduction was not always the best option for debtors or their creditors. It was often better for countries to service their debt in full so as to retain access to new sources of finance. Hungary, for example, had committed itself to that course, as had many developing countries.

57. The Government of the United Kingdom did not believe that developments in Eastern Europe would divert world attention from the problems of the developing countries. The reduction in East-West tension had brought great benefits, and not just to the inhabitants of Europe and North America. The end of a number of proxy conflicts between the super-Powers waged in developing countries was a clear example. The new spirit of cooperation had led furthermore to a revitalization of the Security Council. The developing countries must ensure that they too benefited from the reduction in expenditure on arms. A reasonable level of military expenditure was a key part of good government, and it was to be hoped that IMF and the World Bank would take a lead in bringing that point home to each developing country with which they had a dialogue.

58. There was no historical precedent for the processes now under way in Eastern and Central Europe but, with imagination and determination, it could be ensured that the changes in fact benefited everybody. The Government of the United Kingdom firmly believed that the opportunities were greater than the risks.

59. Ms. HERNES (Norway), speaking on behalf of the Nordic countries, said that the profound political changes in Eastern and Central Europe had had a generally beneficial impact on global political relations. The virtual disappearance of the East-West conflict had contributed to progress towards the resolution of many regional conflicts in other parts of the world, particularly those which were not purely regional but had an East/West dimension. Excessive military spending in many countries could and should be reduced. The improved political climate should make it possible to devote more attention, effort and resources to the challenges posed by poverty, underdevelopment and environmental degradation.

60. One lesson to be learned from the events in Eastern Europe was that economic change was inextricably linked to the process of political change. Part of the reason for the changes in the Soviet Union and other Cen-

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[1] See *IMF Survey*, vol. 18, No. 6 (27 March 1989), p. 81.

tral and Eastern European countries was the realization that the rigidities of the command economy did not encourage the human initiative and creativity crucial to technological and economic progress. However, the transition from one economic system to another was not easy, and the peoples of Eastern and Central Europe were beginning to recognize the daunting nature of the task and also that it would take more time than had been originally thought.

61. In the end, however, if their determined efforts to modernize, rationalize and internationalize their economies succeeded, they would become more important as partners for the rest of the world and provide a welcome impetus to the world economy as a whole. Success should also be to the longer term benefit of the developing countries. The current efforts to integrate the Eastern and Central European countries more fully into the multilateral economic system, and thus help make the international financial and trade organizations truly universal, were also to be welcomed.

62. The developing countries had expressed concern about the possible adverse effects of those changes. Their main fear seemed to be that financial flows, particularly ODA but also investment flows, trade and attention might all be diverted. Their anxieties were understandable and to some extent justified, particularly in the short run. It was clear, however, from what had happened so far, that their misgivings were largely unwarranted.

63. The packages of economic assistance to Eastern Europe had not been drawn to any significant extent from development aid budgets. On the other hand, assistance to developing countries from the Eastern and Central European countries themselves had indeed shrunk, partly for economic and partly for strategic reasons. That might be cause for concern for those few countries that had been receiving such assistance, but for the vast majority it meant little change.

64. As far as investment was concerned, actual flows of private investment to Central and Eastern Europe had remained very modest and there seemed little case for arguing that funds had been diverted from developing countries, particularly since international investment was not a finite quantity but could be expanded to meet new opportunities.

65. There had been some sharp reductions in trade flows, notably in trade among the members of the recently dissolved CMEA. The developing countries and the world at large, however, had suffered relatively little from that contraction. The explanation lay in the very modest role of Eastern and Central Europe in the world economy before the changes, the inward orientation of their economies, and the relative concentration of their external economic links on a handful of selected trade partners. The intended strengthening and diversification of their international economic relations would naturally benefit the developing countries. As far as economic factors were concerned, therefore, the rest of the world, including most of the developing countries, had had little to lose and had lost very little. The short-term losses should be acceptable in view of the potential longer-term gains.

66. Although the diversion of aid, trade and finance had been limited, it was true that there had been a considerable diversion of attention. Public opinion had for some time been focused on the exciting and generally encouraging developments in Europe. There was also a tendency to overlook the positive developments that had taken place in the developing countries. Those working to strengthen development cooperation might be well advised not to focus so much on persisting problems in the developing world but rather seek to create enthusiasm for a renewed and vigorous development process.

67. While the situation in the countries in transition in Central and Eastern Europe differed from country to country, all had formidable problems. The transition to democracy had so far been coupled with increased economic and social hardship. Clearly, it was in the enlightened self-interest of all other countries to help make that transition as short and painless as possible, both through advice and technical assistance and through finance and credits. Multilateral institutions, including the United Nations system, had an important role to play. There was sometimes a tendency among developing countries to view the United Nations as their exclusive organization and to frown upon activities mainly of interest to other groups. The United Nations, however, was and must remain a truly universal body. It would be shortsighted to deny a country or group of countries the right to benefit from the work of the Organization, and it would also be counterproductive.

68. While there were formidable economic and social problems to overcome in Central and Eastern Europe, it must not be forgotten that the majority of developing countries found themselves in an even worse situation. The Central and Eastern European countries had a generally high level of education and a well-trained workforce. The developing countries, and especially the poorest and least developed, faced problems that were of a different magnitude and character. They, more than others, were dependent upon assistance from the world community if they were to have any chance of emerging from the vicious circle of economic and social underdevelopment.

69. In the enthusiasm about the progress achieved in Central and Eastern Europe, mixed with concern over the problems that still remained, the continuing predicament of the peoples of the South must not be forgotten. Efforts to assist them must not only be maintained but increased and improved, both directly, in the form of ODA, and indirectly, through an international framework and an economic climate more conducive to economic growth and development.

70. Mr. GHEZAL (Tunisia) said that it was still difficult to grasp the full regional and international repercussions of the major development in international relations constituted by the changes in Central and Eastern Europe and in relations between East and West since 1989.

However, the purpose of those changes was clear: the peoples of Central and Eastern Europe had embarked on reconstructing their societies on the bases of political democracy and a market economy and on pursuing full integration, politically, economically and culturally, into today's world. The current Meeting proposed to examine the scope of those changes and their possible impact on the specific field of the growth of the world economy and, in particular, the economic growth and development of the developing countries, as well as on international cooperation.

71. Tunisia had welcomed the developments in Central and Eastern Europe from the start. It had seen in them a promise of a new era in those countries, marked by the introduction of democracy, individual freedom and respect for human rights, as well as the replacement of confrontation in international relations by cooperation and understanding. Various aspects of the changes were analysed in the documentation submitted to the Council and previous speakers had already taken up a number of points. Certain general conclusions could be drawn.

72. First, the changes in the countries of Central and Eastern Europe and in East-West relations were so radical as to constitute a virtual revolution. The effect would be both widespread and lasting. During the transitional period, which would probably last much longer than had been thought, the process would be socially and economically costly to the countries themselves. The need for external assistance could be expected to be high. In some of those countries, the problem of national political unity was also unfortunately coming to the fore. However, the determination of their peoples to reject any return to the past was obvious, as was the universal sympathy they enjoyed, including that of the developing countries.

73. Some situations called for attentive and continuing consideration, and indeed periodic review, such as might be in part carried out, as had been suggested, by a further special high-level meeting of the Council in a few years time. There was a risk that reforms would be slow in being realized in certain cases, and that there would be a delay in acquiring the skills needed to revitalize production and keep the social costs within tolerable limits. The full integration of the countries of Central and Eastern Europe into today's and tomorrow's world would be a natural and beneficial development both for those countries themselves and for the international community as a whole, including the developing countries. It must not, however, be accompanied by an increased marginalization of the latter. The countries of Central and Eastern Europe should receive political and financial support and all the technical assistance and understanding possible to sustain them in their undertaking, but equally favourable treatment must be extended to the developing countries where democracy and economic and social restructuring were making equally remarkable progress in conditions that were generally more difficult and in an international environment that was unfavourable or even indifferent. Cooperation and trade between the countries of Central and Eastern Europe and the developing countries must not be allowed to suffer any lasting decline, and it would be in the interests of the international community as a whole to encourage its resumption and expansion. The new trading partners of both groups should neither be perceived nor treated as substitutes for the old—a point on which he welcomed the remarks made by the representative of the Netherlands, speaking on behalf of the European Community and its member States. The new world order must, if it was to be lasting, be based on justice, true interdependence and solidarity between the nations whether of the West, the East or the South.

74. Mr. DRAPER (Administrator, United Nations Development Programme) said that the end of the cold war had signalled the opening of a new era, in which the power of the individual would find full expression. The winds of democracy had swept from Eastern Europe across the entire planet, and everywhere the pull towards popular participation was opening up virtually limitless opportunities. As the Chairman had said in his opening statement, there was a link between democracy, development and growth, and it had become apparent that management of the economy from above was just as inappropriate as government without popular participation or freedom of choice. As the Brazilian representative had pointed out, economic competition within and between countries that could ensure their advance towards prosperity. Competition between political parties offered the electorate real choices; competition in the market-place brought lower prices, better products and greater opportunities for individuals; and freer elections in Eastern Europe and other parts of the world were being accompanied by the privatization of money-losing State corporations and an opening of the door to the private sector to move in as a powerful engine of growth.

75. UNDP's *Human Development Report 1991*[2] focused on ways in which Governments could redirect their spending to the benefit of their citizens. They should concentrate on areas where they could do the most good, such as primary education, preventive medicine, family planning, and the guaranteeing of civil and human rights, which were the foundations of human development. Governments were most effective in building infrastructures, not in operating individual branches of the economy, which were best left to the private sector and free competition.

76. While the new opportunities were exciting, transition could be painful, especially for countries without democratic traditions, as the economic hardships and profound social changes in Central and Eastern Europe demonstrated. UNDP had been invited by some Eastern European countries to participate in the complex process and was designing innovative programmes, placing human development at the core of the transition process. Together with its sister agencies, it was supplying ideas, mechanisms and experience in contributing critical technical support. These activities required, however, additional financial and staff resources, and the raising of ad-

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[2] New York, Oxford University Press, 1991.

ditional funds external to UNDP core resources, which must not be reduced in the effort to help Eastern Europe.

77. He emphasized that development should be seen and judged in terms of people. Economic growth was necessary for human development to thrive, but even at low income levels much could be done by reallocating resources and ensuring human freedom and human rights. Conversely, higher GNP did not guarantee human development for all in the absence of policies to that end. He could think of two countries each with an annual per capita income of $1,000, but one had five times the literacy rate of the other and 20 years more life expectancy. The environment was the source of sustenance for human and other life for the present and future generations and its preservation must be regarded with as much urgency as the preservation of accustomed lifestyles. The realization of that truth was growing rapidly in the heavily polluted industrial regions of Eastern Europe. In that context, UNDP had been asked to provide technical assistance for reconstruction following the Chernobyl disaster. Finally, no one country or region should benefit at the expense of others, and the greatest development challenges remained in the least developed countries, the majority of which were African. While the incomes of many of the world's poor had risen in the 1980s, they had fallen by nearly 20 per cent in Africa. Only one child in five born in Africa received adequate nutrition, and by the time that child reached the age of 23, the population would have doubled. If that child survived to the age of 45, the population would have quadrupled to 2 billion. It was obvious that the population problem was one that Africa itself must concentrate on.

78. To seize the new opportunities for human progress it would be essential to achieve a new alignment based not on political ideology but on a commitment to building more caring societies. The above-mentioned UNDP publication indicated that that could be achieved if there was the political will to shift priorities in both the developed and the developing world. The money thus made available for basic services would be more than a response to a moral imperative; it would yield dividends for years to come. It was only through human development that economic growth could be accelerated; that ecological devastation could be halted and that peace and stability could be achieved. That publication revealed that spending on priority social needs, such as basic education, primary health care, clean water, family planning, food subsidies and social security amounted to less than one-tenth of total public spending in the developing world. That did not mean that the burden should fall on developing countries alone. Aid from the industrialized countries must be increased and directed to priority human needs. At present, the industrialized countries as a group contributed only three-tenths of 1 per cent of their combined GNP for foreign aid, which was less than half the target agreed by the international community. The real problem was, however, that less than one-twelfth of that aid went to areas where the need was greatest. Over the past 30 years military expenditures in the South had risen three times faster than those of the industrialized world. In some developing countries spending on arms was at least double the amount spent on health and education; in Iraq it was seven times as high.

79. The time had come to open up world trade and to give countries the means of helping themselves. As the document of the Stockholm Initiative on Global Security and Governance entitled "Global responsibility in the 1990s" correctly pointed out, protectionism by industrialized countries was costing the developing countries far more than they received in aid. Lifting the agricultural trade barriers alone would generate nearly 100 billion extra dollars a year for developing countries, about double current aid flows.

80. Mr. CHE WAN (Malaysia) said that the Secretary General's report (E/1991/82) presented a broad picture of the developments in East-West relations and their consequences, and the Declaration of the Algiers Colloquium (E/1991/78, annex), provided useful analyses and insights. It was too early to appreciate fully the complex changes taking place, but the developing countries had grounds for viewing their impact with some disquiet.

81. The principal concerns of the developing countries were: the possibility that there would be a significant diversion of ODA and private investments and loans away from them to Eastern European countries; that market access for their exports would become more difficult as preferential treatment was extended to Eastern European countries; that the attention of Western countries and international organizations would be distracted from the many long-standing problems of the South to the problems of Eastern Europe; and that the developing countries might be left out of consideration in the economic reconstruction proceeding in Eastern European countries. Those concerns were real and legitimate. There had already been a massive infusion of bilateral assistance from the United States of America and Western Europe and international financial institutions to Eastern Europe over the past two years. According to the Secretary-General's report, the official assistance commitment to that area for 1992, excluding funds from EBRD, was estimated at $4.5 billion a year, which represented a tenth of ODA to the developing countries, in spite of the fact that the population of the Soviet Union and Eastern Europe in 1991 constituted only 7.2 per cent of the world's population. The report also quoted a statement by a spokesman for the EC that the total financial assistance commitment to the Soviet Union to date amounted to ECU 34 billion, and to other East European countries to ECU 30 billion, a total of almost $90 billion. According to another estimate, total assistance to Eastern Europe from the World Bank, IMF and the governments of the developed market economies would reach $17 billion in 1991. The total financial commitment to Hungary and Poland alone by late 1990 amounted to $21.2 billion, and there had also been considerable movements of private capital investment into the Eastern European countries from the OECD countries in recent months. Developing countries could hardly be blamed if they re-

mained unconvinced by assurances that the flow of assistance and resources into Eastern Europe would not be at the expense of the South. The special treatment accorded to Eastern Europe had been too conspicuous to escape their notice.

82. The debt burden was an important problem for the Eastern European economies in transition, as it was for the developing countries. If the debt relief extended by the United States and the Paris Club to Poland was an indication that the creditor countries were finally addressing the problem more sympathetically, the prospects would be brighter for many developing countries. It seemed likely, however, that the debt relief was prompted less by long-term economic calculations, than by short-term geo-political motives, and would be available to a very few on a very selective basis.

83. The developing countries' fears that markets for their exports would be further reduced were increased by the moves towards a wider integrated European market in which the Eastern European countries would serve as a backyard for the more advanced economies of the West. Such a development, in conjunction with a market arrangement between North and South America would inevitably lead to a more controlled international marketing system. In that context, he noted that the Malaysian proposal to establish an East Asian economic grouping, as a complement to Asian-Pacific economic cooperation was intended to act as a forum to promote a free world market and reverse trends towards a managed and restrictive international marketing system.

84. The end of the cold war and the progress in arms control and disarmament in Europe had opened up real prospects for reductions in defence expenditure. It was, however, essential that those developments should not lead to a more extensive sale and transfer of arms to the developing countries. Unfortunately, there were already signs of that occurring. Both developed and developing countries must work even more intensively towards the goal of sharing the peace dividend. Certain industrialized countries in both West and East must move away from dependence on their military industrial complex towards more productive export-oriented industries.

85. Malaysia believed that the evolution in East-West relations must be viewed side by side with other major economic issues, such as problems of money and finance, the debt crisis, trade and development, and the eradication of poverty. There was an urgent need to reactivate a real dialogue between the countries of the North and those of the South. It should be broadly based, taking into account the concerns of the developing countries, and involve the widest participation of nations so that a truly global and integrated package of policies for sustained growth and development in the interests of all countries could be identified.

86. The transformation of the centrally-planned economies into market-oriented economies in Eastern Europe was a tremendous task, further complicated by complex political restructuring, and in some cases aggravated by ethnic and regional conflict. The situation was fraught with challenge and uncertainty, and called for a more cautious approach.

87. Mr. ARIAS (Spain) said that the processes of political and economic liberalization undertaken by the countries of Eastern Europe were probably the most important events that had occurred since the last world war. Political liberalization had brought with it greater respect for human rights, and economic liberalization, as well as laying the foundation for development and sustained growth of the economies of Eastern Europe, would enable them henceforth to defend and preserve the environment. Those policies necessitated the establishment of a favourable international economic situation. As far as their national policies were concerned, the adoption of measures of structural adjustment similar to those pursued by the developing countries appeared inevitable. It was also clear that a priority objective must be the acceleration of the process of privatization, without which programmes of reform might be paralysed for years to come.

88. Spain had substantially intensified its cooperation with the Soviet Union and the countries of Central and Eastern Europe in support of their reform policies. One example was the Hispano-Soviet memorandum of October 1990 on the improvement of the conditions of financing of economic and commercial cooperation. It had been agreed that Spain should make credits totalling $1.5 billion available to the Soviet Union. To that bilateral cooperation should be added the cooperation that Spain was extending through the European Community and other multilateral institutions. The process of political and economic reform in the Soviet Union and in Central and Eastern Europe would be long and would require a major sustained effort. The international community must be prepared to make that effort, which would involve the provision of additional resources for international cooperation by the principal donors and would have to be accompanied by an adequate flow of private investment.

89. Almost all international analysts agreed that the reforms in course in the Soviet Union and in Central and Eastern Europe would in the long term benefit the developing countries, provided there was no diversion of resources from the developing countries to those of Eastern Europe. As far as Spain was concerned, there had been no such diversion. On the contrary, the Annual International Cooperation Plan for 1991 provided for a 34.77 per cent increase in ODA. It was hoped that that increase would continue in the coming years and that Spain would become a donor country of medium importance among the main Western countries. In that regard, there had been a considerable increase in cooperation with Latin America, a region that Spain considered as of priority concern in its foreign and cooperation policies. Similar considerations applied to the Mediterranean, which was another priority area of Spain's international cooperation.

90. The developing countries also needed a favourable international economic environment. The successful completion of the Uruguay Round of multilateral trade negotiations would be a step in that direction. It was to be hoped also that the eighth session of the United Nations Conference on Trade and Development would be at least as successful as the seventh. The same applied to the Conference on Environment and Development, at which Spain would be represented at the highest level. Private investment flows to the developing countries should also continue to increase, but it was desirable that the developing countries should adopt national policies to make their countries attractive to foreign investment and competitive with the advantages offered by the countries of Eastern Europe.

91. Spain was meeting with determination the challenges of the new international situation. In addition to its bilateral contributions to the countries of Eastern Europe, it was active in promoting those relations in the European Community and other multilateral forums.

The meeting rose at 1.10 p.m.

2nd meeting

Thursday, 4 July 1991, at 3.20 p.m.

Chairman: Mr. Lakhdar BRAHIMI (Algeria)

E/1991/SHLM/SR.2

AGENDA ITEM 2

Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation (*continued*)

1. Mr. PICCIOTTO (World Bank) said that the reforms sweeping the world formed part of an irreversible trend. People not only in Eastern Europe but also in Latin America, Africa and Asia were looking for change and for pragmatic decisions that would promote entrepreneurship and technological progress, provide essential services to the poor and expand freedom of choice, and were asking how the international community would act to spur development and reduce poverty. While the processes which created the wealth of nations were not fully understood, history showed that policies mattered, that institutions could be reformed and that countries which, for decades, had failed to prosper could now do so by putting the lessons of development into practice. That was the major theme of the *World Development Report, 1991* of the World Bank: that an open climate favouring individual initiative and human resource development triggered sustained economic growth. In the technological era, competitive markets were the best way yet found to produce goods and services efficiently, but that required an enabling framework of laws and institutions, and government action was therefore fundamental. The State needed the market just as the market needed the State.

2. The East-West *rapprochement* symbolized the growing support for market-oriented approaches to economic and human development. In the global context of development cooperation, that *détente* was based on the proposition that the existing enormous arsenals of weapons of mass destruction made the reduction of super-Power military expenditures imperative in security terms and that the restructuring of government budgets towards peaceful objectives was a necessity. Many poor countries were currently expending more resources on defence than on their social sectors. But military spending was correlated to the intensity of regional tensions, which were particularly devastating to those countries. Security and development must therefore go hand in hand.

3. More than one billion people had a standard of living lower than that of Western Europe two centuries earlier. Many developing countries had certainly achieved striking gains, but others had lagged behind and poverty remained a formidable problem. The key to its reduction was global development based on the diffusion of technological progress, combined with investment in people and infrastructure. Trade, international capital flows and sound management of the debt problem certainly played a central role, but the effective use of resources through improved policies was the crucial prerequisite. General policy and institutional reform created direct foreign investment flows, increased domestic resource mobilization, return of capital outflows and a self-sustaining process of change.

4. The prospects for developing countries could not be divorced from the outlook for the global economy. Among the many factors at work, the macroeconomic

policies of the industrialized countries played a fundamental role, since 70 per cent of world output came from those countries and their growth could boost that of the developing countries. That interdependence would continue to grow, either through the beneficial linkages of trade and capital flows or—if there was no acceleration of development—through the vicious circle of large-scale migration and social instability.

5. With respect to international trade, experience had shown that open trading regimes provided a strong impetus to direct foreign investment and growth. But trade liberalization also stimulated the transfer of technology, skills and management know-how which enhanced the capacity of developing countries to adapt to a changing external environment. Hence the importance for those countries of the Uruguay Round of multilateral trade negotiations and GATT.

6. With regard to external capital, only well-managed developing countries would be able to tap an adequate share of such resources to meet their investment needs. Interest rates were expected to remain high and changed domestic conditions in the major surplus countries were expected to limit the volume of savings flowing into international capital markets. Policies to restore creditworthiness and accelerate private investment were thus crucial for development.

7. In the areas of energy and the environment, the scope for multilateral cooperation was clear and urgent. Proven policies supported by the World Bank helped to reduce energy demand and promote rational use. In that connection, the transition of the socialist countries to a market economy would yield substantial benefits both to the world economy and to the global environment.

8. Lastly, there was broad agreement about the development priorities for the 1990s, whether in terms of accelerated growth based on sound economic management, poverty reduction accompanied by increased attention to human development, or environmentally sound development programmes. Those objectives would be pursued within a framework of systemic reform, of which Eastern Europe was an integral part. The World Bank supported the economic transition process in that region by various means.

9. However, none of its financial support to new member countries would be at the expense of other countries, least of all the poorest. In other regions, its commitment to the reform process had been unwavering and the low-income African countries were a priority concern. In many of those countries, adjustment programmes enjoying World Bank financing had helped to arrest economic decline or even promote a recovery. But financial resources were not enough in themselves. They must be complemented by measures to strengthen local institutions and make the most of human resources. In Asia—the most populous region of the world—World Bank loans were supporting a number of adjustment and investment programmes aimed at accelerating growth and reducing poverty. In Latin America, where the debt crisis was most acute, the Bank would place increasing emphasis on sectoral investment, particularly in the social sectors, in order to deepen the impact of economic recovery.

10. The World Bank's objective was to mobilize adequate resources to support equitable growth and sustainable development in all developing countries and those in transition. It was determined to work closely with all its partners to put the new development consensus into practice. In 1989, the peoples of Eastern Europe had begun to turn the course of history and it was now up to the international community to facilitate that development in all regions for the benefit of all mankind.

11. Mr. LIU Huaqiu (China) said that the current Special High-level Meeting, convened at the initiative of the Group of 77, was timely, and he hoped it would produce constructive policy recommendations and contribute to closer international economic cooperation. With the world entering a transition period at the political level, the situation required further study to determine what impact it would have on the global economy and, in particular, on the development of the developing countries. The drastic world developments had simultaneously brought noticeable changes and created numerous uncertainties in international economic relations.

12. In the long term, East-West *détente* could broaden the prospects for economic cooperation and enable the international community to channel more financial and technical resources to economic and social development just as the participation of the Soviet Union and Eastern European countries in the international economic system was favourable to the integration process. All those factors were conducive to world economic growth.

13. In the medium and short term, the world economy would face more challenges: a tendency towards reverse flows of resources, particularly official resources; deterioration in the international trade environment, with the exports of developing countries facing ever more competitive markets in the developed countries; a tendency to exclude the developing countries from the international economic decision-making process, along with a declining concern about their serious economic and social problems; and promotion of certain values and development models while political conditions attached to development aid had become ever more stringent. All that had aroused serious concern in the developing countries.

14. China respected the choices made by the peoples of the Soviet Union and the Eastern European countries and hoped that by their own efforts and in cooperation with other countries they would overcome their difficulties and achieve political stability and economic growth, contributing also to closer international cooperation, including that between East and South.

15. The revitalization of economic growth and development of the developing countries should be the primary objective of international economic cooperation. The facts had shown that the lack of economic growth in the developing countries, whose population represented four fifths of the world population, would make it diffi-

cult for the developed countries to sustain their economic stability and prosperity and would not contribute to the economic growth of the Soviet Union and the Eastern European countries. The *détente* in East-West relations should not adversely affect North-South cooperation, nor should concern for the East result in any neglect of the South's development. The international community should earnestly implement the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries[1] and the International Development Strategy for the Fourth United Nations Development Decade.[2]

16. Efforts must also be made to establish a new, just and rational international economic order at a time when the old world pattern was giving way to a new one. Such an order required that all countries should respect each other's sovereignty, that each had the right to choose its economic model and road to development in the light of its own national conditions, that international economic cooperation should be based on the principles of equality and mutual advantage, that the granting of assistance should not be subject to the application of a particular ideology or development model, and that the developing countries participated effectively in the management of the world economy.

17. Lastly, the role of the United Nations should be strengthened. It should monitor and analyse the development of East-West relations and their impact on the developing countries, and promote constructive dialogue among the various parties on the relevant policies of cooperation and assistance so as to mitigate the possible negative effects of such development. China, whose policy of reform and opening up had, in recent decades, been a source of fresh economic vitality and which firmly intended to follow the road of socialism while maintaining its national characteristics, was ready to join other Member States in strengthening international economic cooperation, revitalizing world economic development and achieving common prosperity.

18. Mr. FORTIER (Canada) said that Canadians regarded the changes in Central and Eastern Europe in recent years as the most significant and positive developments during the past few decades, of the same order as the massive decolonization movement which had followed the Second World War. In both cases, fundamental freedoms had been extended to nations and even entire regions, thus opening the way for greatly improved international relations. In keeping with its long-standing commitment to global development, Canada had unreservedly supported those recent developments and had made a significant contribution for the purpose. In order to avoid any diversion of ODA from developing countries to the countries of Central and Eastern Europe, it had drawn from new sources separate from its ODA programme.

19. On the one hand, Canada admired the courage and resolve of countries adopting measures that were painful in the short term but beneficial in the medium and long term, and recognized to what extent international support for technical assistance, human resource development and improvement of infrastructures could help to foster a climate in which entrepreneurship could thrive. It was in the interest of all countries that the new democracies of Central and Eastern Europe should succeed in reaching political and social stability, which would be a guarantee for collective security and increased prosperity that would stimulate that of other countries.

20. The reforms undertaken in the East had led to major upheavals, not only for the countries in question but also for many of their international partners, because of the temporary slowing down of their production and their role in world trade. There had even been some fear of trade and aid diversion. Canada nevertheless considered that all countries benefited from the ongoing changes which, over time, might enlarge the world market, decrease armament expenditure, promote sustainable development and accelerate economic growth, not to speak of the progress that had helped to enhance the cause of human rights and democracy throughout the world. Similarly, the measures adopted at the international level with respect to Central and Eastern Europe, such as improved debt relief terms, were being rapidly reflected in other areas. The discussions on ways of promoting cleaner industrial processes and of enhancing the quality of the environment would also have favourable effects globally.

21. On the possible shortage of global capital—a point often raised—it was an urgent matter for developing countries to design their policies and regulations in such a way as to encourage foreign investment. Canada welcomed the reforms carried out in that area in Asia, Africa and Latin America. What held good for investment could also be applied in other fields, such as that of fiscal and monetary policy, in which Canada had recently made its own substantial and necessary readjustments. If they could underpin the remodelling of national policies, ODA and multilateral support would still achieve little in the long term without genuine domestic reforms. Because of their growing interdependence, economies must become more competitive by improving their productivity and guaranteeing the profitability of investments.

22. Lastly, he reaffirmed his Government's firm commitment to support economic growth and reform in countries of both the East and the South and, above all, to contribute to the success of the Uruguay Round of multilateral trade negotiations, which would have the effect of opening more international markets and stimulating growth through trade.

23. Mr. MONTAÑO (Mexico) said that his country had taken an active part in the convening of the current Special High-level Meeting, which represented an initial effort to revitalize the Council and should make it possible to come to common conclusions and formulate recommendations.

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[1] General Assembly resolution S-18/3, annex.

[2] General Assembly resolution 45/199, annex.

24. The changes that had taken place in Eastern Europe were among the most striking phenomena observed on the international political scene in the closing years of the twentieth century, and it was still difficult to determine what their consequences would be in view of their complexity and the speed at which they had taken place. The developing countries had initially regarded the new political situation with concern, fearing the advent of competitors for the allocation of resources. Those pessimistic forecasts had not been entirely justified, however. The integration of Eastern Europe into the world economy had opened up new opportunities, posed important challenges and held out encouraging prospects for everyone. All countries should therefore take advantage of it through active and responsible participation.

25. New markets had come into being in the trade sector. Even if the effects of the presence of Eastern European countries in the international economy were not yet very tangible, it was to be hoped that those countries could become active trade partners once they had restructured their production processes to make them more competitive.

26. The developing countries had also feared that capital flows might in future be directed towards the Eastern European economies. Available data indicated, however, that, assuming a well-balanced development, the development assistance funds allocated by the Western countries would not be indiscriminately diverted. His delegation reaffirmed its view that assistance and investment flows to Eastern Europe should be in the form of additional contributions, separate from those received by the developing countries. In that connection, the crisis affecting the least developed countries of Africa, Asia and Latin America deserved special attention. At the multilateral level, it was essential to increase the capital of the financial institutions and to change the financing mechanisms, taking particular account of the future participation of the Soviet Union in the IMF.

27. The upheavals in Eastern Europe marked the end of an era of sterile confrontation between two political and military blocs and, as never before, held out the prospect of a more just world, based on the firm foundations of universal understanding. Furthermore, the developing countries and the countries of Eastern Europe alike were undergoing modernization processes in their economic and social structures. There was no universally applicable model, but their objectives were largely similar. Mexico itself had, in recent years, undertaken thoroughgoing reforms in order to assume its role in the light of the new international situation. The contemporary world called for change and it was essential not to fear it but to adapt to it. The changes in Eastern Europe would, in the long term, have favourable consequences for the world economy. The developing countries must keep in step with such changes, while insisting that investment and technical assistance contributions were not made to the detriment of any group of countries.

28. Mr. CESKA (Austria) said that, with the disappearance of the futile rivalry that had hitherto divided East and West, worldwide cooperation based on democracy, respect for human rights, the rule of law and market-economy principles could at last be engaged in with a view to solving mankind's major problems of poverty, environmental degradation and depletion of resources. The new Europe that was coming into being must be open and outward-looking and must fit into a new world order characterized by solidarity.

29. The emerging consensus on the objectives to be achieved—as shown in the International Development Strategy for the Fourth United Nations Development Decade and the Programme of Action for the Least Developed Countries for the 1990s[3]—also opened the way to a more constructive North-South dialogue in which ideology gave way to pragmatism. Substantial efforts had been made recently to shed light on the complex question of sustainable development, and recent reports by the World Bank, UNDP and the South Commission had stressed that the third world countries must assume greater responsibility for their own development.

30. It was in that spirit of shared responsibility that Austria considered the impact on the world economy of the recent events in the Eastern European countries. Many developing countries feared that those events might have adverse consequences for them, but they were wrong. In the long term, at least, the integration of Eastern Europe and the Soviet Union into the world economy would be beneficial to all countries. It must be realized, however, that the transformation of the centrally planned economies was a formidably complex task and that the only way to proceed was, unfortunately, by trial and error.

31. In the immediate future, as the former CMEA countries reoriented their exports towards the West, developing countries might meet increased competition in OECD markets. The market share of the Eastern countries was still relatively small, however, and it was highly likely that what the developing countries lost on the one hand they would gain on the other, since the outward-oriented policy of the East would create new trade flows. The developing countries also feared a diversion of aid and investment, but, there again, a glance at the figures should reassure them. Austria, for example, had been in the forefront of Western donors of aid to the Eastern European countries, but that in no way meant that it intended to reduce its development aid. On the contrary, Austria's ODA to the developing countries had increased by 18 per cent in 1990 and would be stepped up further in the years to come.

32. The East certainly needed considerable investments, but for the time being its absorption capacity was limited. In 1990, foreign direct investment in Eastern Europe had represented only about 1 per cent of worldwide investment. If the developing countries had difficulty in attracting investments, that was not because of a

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[3] *Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990* (A/CONF.147/18), part one.

lack of capital but because they were unable to offer sufficiently interesting conditions for investors. They could not overcome their difficulties entirely alone, and the industrialized countries must therefore make major efforts to create a favourable international economic environment, notably in the areas of debt relief and trade liberalization. The opening up of the developed countries' markets to developing countries' exports was one of the central issues in the Uruguay Round. The dismantling of tariff barriers would provide an important stimulus to growth and facilitate the structural adjustment efforts of developing countries.

33. The general reduction of military expenditure could release additional resources in the form of a "peace dividend". According to UNDP, the ending of the cold war should make it possible for the industrialized countries to reduce such expenditure by 2 to 4 per cent annually. Should only a quarter of such savings be devoted to development assistance, such assistance would be doubled in the 1990s and thus reach the target of 0.7 per cent of GNP. The developing countries could themselves substantially reduce their military expenditure, which currently represented about three times the assistance provided by the 19 DAC donor countries. Together with a more efficient allocation of public funds in third world countries and of international aid, the resources thus released should be used to enhance human resources and thus promote a development process better able to meet the needs of the people.

34. One of the most convincing lessons of the post-war period was that growth generated growth. There was no reason why that principle should not also hold true for the countries of Eastern Europe. The integration of those countries into the world economy should not be seen as a threat but regarded as a stimulus for innovation and competition, and thus for enhancing the efficiency and quality of production. The new unity of purpose in international affairs should have a favourable effect on economic relations and, in that perspective, the activities of the competent international institutions should be strengthened. It was to be hoped that the Special High-level Meeting, coming at such a crucial moment, would lead to a better understanding of the momentous changes taking place in the countries of Eastern Europe and would help other countries to draw useful lessons from them.

35. Mr. KAMAL (Pakistan) said that, despite the major geopolitical changes taking place in the world, universal peace and well-being were not yet in sight. The spectacular reforms made in the Eastern European countries, which were increasingly opening up to the rest of the world, could benefit all States and stimulate trade and investment, but only provided that those countries became genuinely integrated into the international economy and were not content with concluding limited bilateral or regional agreements which had the effect of marginalizing the developing countries. The establishment of a new and more stable economic order required all countries, particularly the industrialized nations, to show their unequivocal commitment to the principles of multilateralism and liberalization of trade and investment.

36. The wave of freedom in Eastern Europe had been matched by an equally remarkable resurgence of democracy in the third world. But freedom and democracy must go hand in hand with economic justice and general development if they were to have any future. The major problems of poverty, external debt, protectionism and adverse terms of trade must be tackled firmly and comprehensively so that the developing countries could participate fully in the expansion of the world economy and make full use of the opportunities open to them.

37. International policy must be based on a clear understanding of the interests of all groups of countries. The assistance provided by the multilateral development financing institutions and the ODA provided by donor countries must meet the needs of the third world, which comprised the vast majority of the world population and in which the poor lived in unacceptable conditions. It must clearly be seen that the awareness of the growing inequalities between rich and poor and of the injustice of such inequalities would sooner or later lead to an explosion which it might be impossible to contain.

38. In formulating their macroeconomic policies, the major industrialized countries should take account of their impact on the developing countries. They must endeavour to promote non-inflationary economic growth and stimulate savings in order to expand the world supply of capital. The developing countries must formulate viable trade policies to make them more competitive and able to take advantage of the new markets so that they would not suffer from the development of trade and increasing competition from the Eastern European countries on the markets of the industrialized countries. They must also offer improved investment conditions and endeavour to develop their human resources. Special consideration would nevertheless have to be given to assistance to low-income developing countries, which were experiencing severe adjustment problems as a consequence of the economic and political changes in Eastern Europe.

39. A considerable improvement in the functioning of the international financial system would also be needed in order to create a sufficient capital supply to meet the needs of economic development throughout the world. The capital base of the World Bank and the IMF quotas should thus be revised to take account of the massive financial needs that would arise in the 1990s, not only in the countries of Eastern Europe but also in the developing countries, if the structural adjustment programmes and long-term development programmes of the latter countries were to be successfully implemented. In addition, mechanisms should be provided for extending symmetrical treatment to the international flow of capital and labour.

40. At the dawn of a new and highly promising era, the international community must spare no effort to adapt to the changes by ensuring that the political transformations

in Europe did not lead to an aggravation of poverty elsewhere. Otherwise, the rising dawn might well give way to darkness.

41. Mr. GRANT (Executive Director, United Nations Children's Fund) said that, while raising great hopes, the reforms undertaken in the countries of Eastern Europe might be more painful, costly and prolonged than had originally been thought. Considerable attention was being paid to the economic and political aspects of the transition but not enough to its social costs, particularly its impact on children. UNICEF's International Child Development Centre had just published a study entitled *Children and the Transition to the Market Economy: Safety Nets and Social Policies in Central and Eastern Europe* which would, he was confident, contribute to the discussions on social reform and on international aid.

42. As had been emphasized by the participants in the World Summit for Children, held in New York in September 1990, high priority should be given to satisfying the essential needs of children. The history of the past 50 years, particularly in eastern Asia and the United Kingdom, had amply demonstrated that the application of that humanitarian principle also had favourable economic effects. During the transition of the Eastern and Central European countries to a market economy, it might be lost sight of, with disastrous consequences. The need for transition with a human face could not, therefore, be over-emphasized.

43. The increase in unemployment, decrease in real incomes, rise in prices of basic goods and services, erosion of family allowances and decline in public expenditure on health and education were bringing about a deterioration in the living standards of most families in all Eastern European countries. Since 1989, the number of children living in families with incomes below the poverty line had increased alarmingly everywhere. In Poland, for example, matters had taken a dramatic turn and even in Czechoslovakia, the Eastern European country with the best social security system and the lowest incidence of poverty, the number of poor children was expected to be three or four times higher by the end of 1991 than at the beginning of the year.

44. An increasing proportion of family income was being spent on food—50 per cent on average for workers' families in Poland as against the 35 to 40 per cent considered in the West to be an indication of poverty. In Hungary and Poland, religious and private charitable organizations had established soup kitchens and shelters for the homeless, but they were unable to meet current needs. In addition, increased school meal charges and, to a lesser extent, enrolment fees, had forced many families to withdraw their children from nursery schools.

45. While a short-term decline in average living standards had been largely unavoidable because of the poor economic conditions inherited from the socialist regimes, the decline of large and increasing sections of the population into absolute poverty was deeply disturbing. Safety nets had been put into place, but they were far from adequate and there were insufficient funds to ensure their efficiency. In Poland, for example, a safety net had been set up on the assumption of a 5 to 10 per cent decline in incomes—which had in fact fallen by 27 per cent; of an elimination of inflation in four months—whereas it still stood at 2 to 3 per cent a month; and of an unemployment figure not exceeding 400,000—whereas it had reached 1.2 million at the end of 1990 and 1.5 million in mid-1991.

46. The high social cost of current reforms could endanger the transition process itself, divide society and undermine the popular consensus on which those new and still fragile democracies were based, not to speak of the danger of mass migration to Western Europe and of a brain drain. The strengthening of social policies was therefore not only a moral imperative; it was also needed to ensure political stability and promote investment in human capital, thus stimulating microeconomic efficiency and overall growth.

47. Whatever the social welfare models eventually adopted by the countries of the region, there were some measures that could, if taken in good time, help to cushion the impact of transition. Access to basic health, education and child care services should be provided in al countries. The necessary resources could be obtained through a selective restructuring of the social sector with emphasis on low-cost preventive care, for example rather than on high-cost curative treatment. Family benefits should be maintained and extended to children whose parents were unemployed or were not part of the labour force. Initially at least, the public authorities should continue to provide subsidized school meals—a highly efficient and cost-effective way of ensuring that children received suitable nutrition for a normal development.

48. Measures were also needed in the housing sector in order to avoid the further spread of homelessness such as the conversion of abandoned public buildings or vacated barracks into shelters for the homeless and the protection of the right of low-income families (particularly large families) to remain in rent-controlled dwellings. In addition, efforts to provide minimum family incomes should be strengthened through more active labour market policies and full cost-of-living indexation of minimum wages, pensions and child allowances. Lastly, appropriate mechanisms should be set up to monitor the development of social policy and assess the comparative efficiency of alternative policies. Above all, simple mechanisms must be provided to monitor the situation of children and other vulnerable groups during the transition period.

49. The international community could not ignore those serious problems. It was noteworthy, however, that in 1990, Eastern Europe had suffered a negative net transfer of resources—a situation for which an urgent remedy was needed. Debt relief, new loans, direct investments, access to Western markets and increased East-West trade would, if realized, facilitate the success of the social reform programmes. The international community—particularly the EC, the World Bank and,

to a much lesser degree, UNICEF and other United Nations agencies—had already given some assistance for the establishment of safety nets, but that was not enough.

50. Since UNICEF focused its priority efforts on the developing countries, its assistance would be comparatively modest and of a transitional nature. It would provide technical support (often through regional programmes) in the area of social policy and monitoring, deinstitutionalization of children and exchange of information on low-cost preventive health care approaches. It would also plead the cause of children by publishing early in 1992 a major report on the state of the Eastern European child, which would have a wide circulation. UNICEF would play a limited part in emergency relief, as it had done recently in Romania and in the Chernobyl area. Lastly, but only where the situation of children was particularly disturbing, it would provide traditional-type assistance, with the establishment of an office and the provision of financial and technical support in a few specific fields, such as public health and social protection.

51. Care should also be taken to ensure that the developments in Central and Eastern Europe would have no negative impact on the third world. The assistance provided in that area must not be to the detriment of assistance to developing countries, particularly in Africa. A sense of proportion must thus be shown. The international community must honour the commitments it had assumed at the World Summit for Children and mobilize itself to assist the children of the Eastern European countries, who were experiencing difficult times.

52. Mr. KOZYREV (Union of Soviet Socialist Republics) recalled that in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and in the International Development Strategy for the Fourth United Nations Development Decade the international community had expressed its support for the democratic changes taking place in the countries of Eastern Europe and the efforts of those countries to integrate into the world economy.

53. Mr. Gorbachev, the President of the Soviet Union, had on many occasions reaffirmed his intention of continuing and building upon the reform of the national economy and external economic relations. The RSFSR, which was the largest Soviet republic, had worked out a programme for a speedy transition to a market economy, promotion of large-scale privatization and support for the private sector without distinction as to forms of ownership. Mr. Boris Yeltsin's victory in the recent elections showed that a majority of the population supported that policy.

54. Other republics were also working on their economic plans. Russia was in favour of coordinating those activities at the Union level, creating a single economic area and securing the early conclusion of a treaty establishing a union of sovereign States on a democratic and voluntary basis. In other words, it advocated stability through a strengthening of perestroika in the hope of thus attracting foreign partners. The republics should integrate into the world economy and synchronize their action with the Group of the seven major industrialized countries, the EC and all countries willing to engage in mutually beneficial cooperation. In that connection, the Soviet Union had expressed its readiness to join the IMF and the World Bank. It was already a full member of the EBRD and an observer with GATT.

55. Some concern was being expressed that capital and assistance might be diverted to the USSR and the Eastern European countries to the detriment of other countries, but it must be stressed that, although the Eastern European countries were thankful to all who supported their reforms and provided assistance, they relied mainly on their own resources. The assistance was nevertheless appreciated, particularly when it came to aid for the victims of Chernobyl and for redressing the imbalances of the transition, which might destabilize the world economy.

56. Private foreign investment in the Eastern European countries was still insufficient. The Soviet Union, the RSFSR and several other republics were formulating legislation with a view to creating a favourable climate for such investment. Participation in scientific and technological exchanges was also of special importance for the Eastern European countries. Such participation had recently been somewhat broadened, but the Coordinating Committee on Export Controls (COCOM) lists, even though in process of revision, still created an obstacle. In particular, they had blocked the project for a transcontinental communications network between Western Europe and Japan via the Soviet territory. In that domain, therefore, East-West relations still needed to be improved.

57. Despite the enormous difficulties it was encountering during the transition period, the Soviet Union was endeavouring as far as possible to participate in solving the global problems of development. Its contribution in that regard would certainly be improved as the Soviet economy emerged from its crisis and joined the world economy. The adoption of international standards and criteria for ODA would also be beneficial.

58. A similar process was under way in many countries of the former socialist community. That should be welcomed, since it would help to improve the world economic situation. It was in the interest of all members of the international community to support the development efforts of every country. Interdependence, for better or worse, was a reality that could no longer be ignored. The work of the United Nations, and particularly of the Council, provided clear proof of a recognition of that reality.

59. Mr. MIBENGE (Zambia) said that the current discussion revealed some apprehension and uncertainty about the responsiveness of the new international economic relations to the legitimate development needs of a vast majority of weak and vulnerable economies.

60. External aid to the countries of Central and Eastern Europe to promote the successful transformation of their political, social and economic institutions should not be

provided to the detriment of the developing world. The international community was engaged in redefining collective security in the context of the interconnected political, economic, social, military and ecological dimensions. In that process, it had become evident that international support for the principles of freedom, democracy and development promotion, particularly in the developing countries, was the best safeguard of collective security, peace and stability. For those principles to be successfully applied, all deserving countries, which now included the countries of Central and Eastern Europe, must receive concerted financial and technological assistance. The legitimate assistance given to the latter countries must not, however, cause the equally legitimate needs of the developing countries, which were also undertaking courageous and credible reforms, to be forgotten. The principle of ODA and of other financial transfers must be upheld.

61. The creation of the EBRD was a good initiative, and it would be useful to establish similar financial institutions in the developing countries or to strengthen any existing ones. That was a moral obligation, for it was only right to help other countries that were undertaking democratic and structural reforms. In view of the tragic situation in Africa, there was an obvious need for massive transfers of financial and other resources. In particular, the financial base and lending operations of the AfDB must be strengthened in every possible way.

62. The southern Africa region, through the Southern African Development Coordination Conference, had facilitated regional cooperation and integration through the development and harmonization of an inter-country infrastructure. It was now endeavouring to make the economies of the region complementary, and it was proposed to create a Southern African Development Fund in support of that objective. However, without an adequate contribution of external resources through such mechanisms as the proposed fund, it would be difficult to stimulate domestic savings and strengthen the democratic process in the region.

63. Liberal international trading arrangements guaranteeing maximum transparency would offer an effective guarantee of economic regeneration and sustainable development, in both the developing countries and the countries of Central and Eastern Europe. The best hope of bringing about liberal international trading arrangements lay in the expeditious and successful conclusion of the Uruguay Round. In that regard, any resort to selective preferences in favour of the countries of Central and Eastern Europe would run counter to the principle of non-discrimination and a genuine spirit of multilateralism.

64. The debt problems of the countries of Central and Eastern Europe and of the developing countries must be viewed impartially and objectively. Debt relief called for a new approach and a strengthened sense of solidarity.

65. Graf zu RANTZAU (Germany), after supporting the comments made at the 1st meeting by the representative of the Netherlands on behalf of the European Community and its member States, recalled that on 3 October 1990, Germany had become an undivided sovereign State and that, by their peaceful revolution, the peoples of Central, Eastern and South-Eastern Europe had contributed greatly to ending the division of the European continent. It now remained to secure the economic and social integration of Europe. Germany, located in the centre of the continent, was ready to assume more responsibilities and contribute to that peaceful process.

66. In the economic sector, the transformation of the planned economies into efficient market economies would certainly take time and call for substantial international assistance. The prevailing concept in Germany was that of the social market economy. The reinstatement of private ownership in the new federal States required considerable financial resources, both for reconstruction and for mitigation of the social consequences of restructuring. In order to raise such funds, the Government was relying heavily on the private sector and had had to raise taxes and resort to borrowing on the credit markets. Although it had been criticized for having raised interest rates as a consequence, the situation had not been as catastrophic as had been feared, and Germany had so far been able to finance its loans almost completely from its own high savings. That meant, however, that in 1991, and probably also in 1992, its current-account balances would not show the same large surpluses as in the past.

67. During the current decade, the new federal States of Germany and the Central and Eastern European countries would probably enter a lively reconstruction and recovery phase of the kind experienced in post-war Western Europe. As a result of the political reforms and economic liberalization in Central Europe, the existing but poorly-used productive forces would be developed and a more effective combination of production factors would result in a new dynamism for Europe as a whole. The effect would be similar to that expected from the creation of the single European market in 1992. That would boost both European and worldwide economic growth. The developing countries would also benefit from that situation, since demand in the new federal States and in the countries of Central and Eastern Europe would open up new markets. So far, only 4 per cent of the developing countries' exports had gone to the former CMEA States. The conditions for expanded international trade must be improved without delay, and for that purpose it was essential that the Uruguay Round should be brought to a successful conclusion. In particular, the OECD countries had to keep their markets open, thereby giving the developing countries the opportunity to finance their development from export earnings and reduce their debt problems.

68. With respect to development assistance, developed and developing countries alike had expressed concern that Germany might become more inward-looking and less interested in North-South relations. It was true that the cost of unification was high and that Germany was providing substantial financial assistance to Central and Eastern Europe, but it was shouldering that additional

burden without detriment to its third world assistance budget.

69. The East-West conflict had ceased to exist. Peace and security were essential elements of stability conducive to economic growth and development. Military arsenals would be considerably reduced and that would free resources for all countries.

70. Recent events in Europe had in no way altered Germany's commitment to share the universal responsibilities of the international community. His Government attached particular importance to human solidarity in cases of disaster and to the emergency relief operations they necessitated. It was convinced that efforts must be made to strengthen the United Nations' capacity in that regard. It proposed that a high-ranking personality, to be responsible for the top-level coordination of all United Nations relief operations, should be appointed.

71. Germany intended to play its part in shaping a world in which, through increased freedom and security and through economic and social development, living conditions would be safeguarded and improved worldwide.

72. Mr. CALOVSKI (Yugoslavia) said that the far-reaching changes in East-West relations had met with innumerable challenges in the economic, political, humanitarian and psychological spheres. The triumph of democratic principles in Eastern, Central and South-Eastern Europe had also given rise to instability, social tension and much uncertainty. His Government was aware of what was taking place in its own country and would spare no effort to emerge from the present difficult and complex situation.

73. At the European level, it was essential to strengthen the principle of equality, to stimulate regional systems and to create conditions for a speedy association with existing groupings, such as the EC and EFTA. Lastly, account must be taken, in the context of Europe's development process, of the serious deterioration in the situation of the least developed countries. Those four objectives were compatible with the project for an integrated and developed Europe. In order to achieve a stable and secure Europe, it was thus essential to promote the play of market forces and competition, while constructing political and social defence mechanisms. To that should be added the need for strengthening the structure of global interdependence.

74. The problems of economic development must be solved as a matter of priority if world peace, security and stability were to prevail. With the ending of East-West political confrontation, the international community should focus its attention on the relationship between developed and developing countries.

75. The effects of structural reforms in Eastern and Central Europe on the world economy, and particularly on the developing countries, were still unpredictable. The integration of those countries into the world economy and the reactivation of their growth and development must not be accomplished to the detriment of the developing countries. It was imperative to support those countries' efforts to adjust their economies to the international economic environment. The question was how to provide the European countries that were undertaking structural reforms with the material and financial assistance they needed without endangering the amount, quality and timeliness of assistance to developing countries.

76. The foreign debt burden of developing countries would be greatly eased by reducing interest rates and rescheduling debts, and that would also help to improve their economic situation and halt the present negative trend of net transfers of resources from those countries. Steps should also be taken in the field of international trade with a view to facilitating market access for developing-country exports, the stabilization of export earnings and the transfer of technology on concessional terms. Such an approach would take fairer account of the needs of the Central and Eastern European countries and of the developing countries, which were also in a transformation and restructuring phase.

77. All those possibilities came within the context of the establishment of a new world order based on stability, respect for mutual interests, dialogue and cooperation, in which regard the United Nations, as a universal forum, must play a key role.

78. The CHAIRMAN assured the representative of Yugoslavia of the full sympathy of members of the Council with his country in the difficulties it was experiencing. He was convinced that Yugoslavia would shortly emerge from the crisis and that the Council would continue to enjoy its enlightened cooperation.

79. Mr. HATANO (Japan) said that his Government welcomed the recent changes on the international scene, perhaps the most dramatic of which were those that had just taken place in the countries of Central and Eastern Europe. In East-West relations, confrontation had given way to cooperation, and he looked forward to the integration of the Eastern European economies into the world economy.

80. Sight must not be lost, however, of the difficult problems still confronting the countries in transition. While the restructuring of the Eastern European economies depended largely upon the determination and perseverance of those countries themselves, the international community had to support their reform efforts. Sustained world economic growth through expansion of trade and private investment would contribute substantially to the reform process.

81. While the extraordinary changes taking place in Eastern Europe were gratifying, the equally important and urgent problems of the developing countries must not be overlooked. In order to reassure those countries, which feared that recent events might divert attention from their problems, the international community had adopted two important instruments: the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Develop-

ment Strategy for the Fourth United Nations Development Decade.

82. He confirmed that, although Japan had assumed a sizeable share of the costs of the Gulf war and intended to increase its assistance to Eastern Europe, it still intended to expand its ODA to developing countries, with a target of $50 billion over the course of its five-year plan.

83. The Forum on Least Developed Countries, held in Tokyo in May 1991, had helped to promote a better understanding of the problems the least developed countries were facing and had shown that the international community was firmly committed to assisting those countries.

84. In recent decades, Japan had focused its efforts on assistance to its Asian neighbours. It was most gratified to note that the economies of those countries were now among the most dynamic in the world, and it was now prepared to assume responsibilities—both political and economic—going beyond the Asia and Pacific region.

85. With respect to the many African countries whose economies had seriously deteriorated as a result of depressed commodity prices, accumulated external debt, famine and internal conflict, the international community had a duty to support their efforts to overcome their underdevelopment. For historical and geographical reasons, Japan had traditionally maintained rather limited relations with Africa, but it had recently increased its assistance to that continent, and such assistance now accounted for 15 per cent of its total ODA. Furthermore, it intended, in 1993, to host a major international conference on African development.

86. Japan would continue to provide the Latin American and Caribbean States with economic development assistance which it hoped would contribute to economic and political stability in that region.

87. He had endeavoured to show that his country was paying increasing attention to countries well beyond its own region, including the countries of Eastern Europe. It did so in its awareness of the increasing interdependence of countries in all parts of the globe.

88. Mr. SENE (Observer for Senegal) said that the ending of ideological confrontation and bipolar antagonism between East and West had greatly strengthened the opportunities for promoting peaceful coexistence, pluralist democracy, respect for human rights and strengthened international cooperation. That could eventually promote a renewal of world economic growth and substantially improve its operation, since the immense natural and human resources of Eastern Europe would be better exploited and placed in the service of development.

89. For the time being, however, the constraints faced by the Eastern European countries, whose economies were in transition, raised questions for the developing countries, bearing in mind that there was a lack of liquidity on international capital markets following the Gulf war and the recession. The Western countries had rallied round to encourage the integration of the Eastern countries into the world economy, and they should show the same generosity *vis-à-vis* the developing countries in favour of a renewal of growth in the countries of the South.

90. The effort to be made in order to ensure the transition of the countries of Eastern Europe to a market economy and to overcome the structural distortions and imbalances in the developing countries was unquestionably enormous. The Eastern European countries had undertaken to reduce tariff barriers by placing themselves within the legal framework of GATT, while the USSR was planning to join the IMF. Such measures would be helpful to the developing countries, which would be able to find new markets through world trade expansion and invigoration. However, according to the secretariat of the ECE, the present economic situation in Eastern Europe was comparable to that of Western Europe in 1947, to the extent that a new Marshall Plan for the countries of Eastern Europe was envisaged.

91. It was no doubt too soon to say whether the developing world as a whole would benefit or suffer from the official and private flows of assistance to Eastern Europe. The effects of the development of East-West relations on the world economy in general and the developing countries in particular were still uncertain. It was merely known that disarmament would certainly make it possible everywhere—North, South, East and West—to secure "peace dividends" that could be used for development activities and improvement of the quality of life.

92. All parties must become aware of the questions at issue and of the ongoing changes in order to create a climate of confidence favourable to agreement, negotiation and bilateral and multilateral cooperation so that constructive solutions could be brought to bear on the economic crisis and on problems of trade, indebtedness, ODA, energy, the environment, drug control and migration. There was every reason to think that the conversion of the economies of the Eastern European countries would, in the long term, be favourable for all concerned. Since the developing countries feared that the transformations in Eastern Europe might work to their disadvantage, their concern should be dispelled. In those circumstances, all countries of the South must have an opportunity to participate more actively in the establishment of a new international order based on the universal values of dignity, justice, peace and fraternity.

93. Mr. STAEHELIN (Observer for Switzerland) said that the economic and political transformations in Eastern Europe which marked the end of the East-West confrontation would benefit the countries of North and South alike. For far too long, East-West rivalry had encouraged a wastage of resources and a poor allocation of aid flows so that such allocation had curbed rather than accelerated the economic and social reforms that were essential for sustainable development. It should now be possible to place international political and economic cooperation on a new footing with a view to finding solu-

tions to common problems in the context of a strategy based on open and objective exploratory efforts and discussion.

94. The countries of the South feared that the financial commitments essential to facilitate the political and economic transformations in Eastern Europe might clash with those that were indispensable to North-South cooperation—a situation which Switzerland wished to avoid. They also feared the possible establishment of a vast European market that was decreasingly open to exports from the South. For its part, Switzerland advocated the establishment of a European market open to the entire world.

95. It further considered that, despite such fears, the upheavals that were transforming Europe should give rise to optimism. The industrialized countries should support the process by aid raised through additional efforts, and not by aid granted at the expense of North-South cooperation, which should make the countries of Eastern Europe more open to imports from all sources, with a view to the growing integration of all countries into the international trade system. All countries, together with the international organizations, should participate in careful consideration to ensure that any measures taken by any party would serve well-defined objectives. Scattered activities and badly coordinated investment would be seriously damaging. Cooperation should be seen in a long-term perspective: it would be dangerous to view such efforts and solidarity only from a short-term standpoint.

96. Switzerland's activities in favour of the transformations in the countries of Eastern Europe had begun in 1989 with a programme allocation of 250 million Swiss francs, largely for the benefit of Poland, Hungary and the Czech and Slovak Federal Republic. That initial allocation was fully committed, and the Swiss authorities intended to offer, for all countries of Eastern Europe, a further, and substantially larger, programme allocation. In a desire to encourage a genuine transformation of the economic and social systems of the countries concerned, Switzerland would study carefully the political aims of the measures that would be taken with its support. It was also participating in a stabilization fund in favour of Poland within the EBRD, and in support activities for the Eastern European countries' balance of payments, within the Group of 24.

97. The efforts of the Swiss authorities in favour of the countries of Eastern Europe were in the nature of additional action not counted against development assistance. They intended to continue to bolster their cooperation in real terms in favour of the development of the countries of the South, such cooperation being offered first and foremost to the poorest countries and peoples and provided solely in the form of grants, which were largely untied. Switzerland also intended to participate in the search for a solution to the debt problem, for the benefit of Eastern European and developing countries alike. On the occasion of the seven hundredth anniversary of the Confederation, the Swiss Parliament had approved a special appropriation of 700 million francs for the latter countries, 400 million of which would go to measures to relieve indebtedness and 300 million to environmental protection activities. Lastly, Switzerland would continue to work, in the context of the Uruguay Round, for the opening of the markets of industrialized countries to developing-country products, since it was firmly convinced that political liberalization must be accompanied by economic liberalization. That was why, in its view, the conversion of the economies of the Eastern European countries should expand trade opportunities for the benefit of the countries of the South.

Mr. Abdullah Fadzil Che Wan (Malaysia), Vice-Chairman, took the Chair.

98. Mr. TRANT (World Food Council) said that the WFC ministers, at their meeting in Helsingør, Denmark, in June 1991, had expressed concern at the fact that the aid recently granted to the countries of Central and Eastern Europe had reached an exceptionally high level and that that was likely to have an unfavourable impact on developing countries. Financial assistance to the countries of Eastern Europe in fact amounted to an annual total of some $100 billion to $115 billion—roughly equal to the total financial resources going annually to the entire developing world. Such assistance also represented an outlay seven times greater than that made under the Marshall Plan to 16 Western European countries following the Second World War. Although the commitments in favour of the countries of Eastern Europe were not as liberal as the grants under the Marshall Plan had been at the time, financial flows of such magnitude were likely to encourage a rise in interest rates, thereby compounding the debt problems of developing countries and making it even more difficult for them to achieve food security.

99. The developments in Eastern Europe had already had the effect of reducing ODA to developing countries, since the former CMEA countries, particularly the USSR, had in the past provided a significant amount of ODA—nearly $5 billion on average in 1987 and 1988—to developing countries and were now substantially reducing or cancelling their aid programmes. Some Western industrialized countries had taken steps to make certain Eastern European countries eligible for ODA, thus opening the way to competition in that respect between those countries and the developing countries. It was true that recent food-aid deliveries to Eastern Europe had not been set against food aid for the developing countries, but the food aid now being programmed to Eastern European countries and the USSR could well be at the expense of such aid to the third world.

100. The representatives of the developed country members of WFC had maintained at Helsingør that resource flows to Eastern Europe were additional and would not affect aid to the developing countries, but representatives of Eastern European countries had let it be understood that the situation might have short-term unfavourable effects for developing countries. The developed countries had also maintained that the economic recov-

ery of the Eastern European countries would have favourable effects for the developing countries. Immediate opportunities were open for expanding trade in tropical products, for example, but in order to do so, ways and means would have to be found of easing the foreign-exchange constraints of Eastern European countries since, unlike the developed countries, most developing countries were unable to develop new markets in Eastern Europe by providing export credits.

101. In WFC's view, there was a need to promote cooperation between the countries of the East and South and to facilitate access for developing countries to the new markets of Eastern Europe. The Council would seek to foster dialogue and cooperation on food security policy reforms between developing countries and Eastern European countries. Such cooperation would be discussed during a WFC consultation in Moscow towards the end of 1991.

102. Mr. MARKS (United States of America) said that the integration of the countries of Eastern Europe into the global economy could not but strengthen and broaden interdependence to the benefit of economic development. Much would certainly need to be done in that regard in all international forums, and the United Nations system had an important role to play in that work of construction.

103. Eastern European countries such as Poland, Hungary and Czechoslovakia had made strenuous efforts to introduce market systems and privatization. Those reforms were the best way of achieving sustainable growth and integration into the world economy. The international community was providing exceptional assistance to those countries, but major financing was needed and such assistance could only be limited and temporary. The countries of Eastern Europe had to make the necessary structural reforms, mobilize domestic savings and attract foreign private capital.

104. A more dynamic Eastern Europe would offer expanded markets for exports, and the developing countries in particular should seek ways of supplying those markets. In a slightly more distant future, Eastern Europe should itself become an exporter of capital and provide the developing world with both economic assistance and direct investment.

105. Concern had been expressed in some quarters that the Western countries might divert to Eastern Europe some of the resources normally devoted to the developing countries. He could reassure those countries, however, as annual aid flows from OECD/DAC countries to developing countries had increased from $46.7 billion in 1989 to $54.3 billion in 1990, while aid from the United States of America over the same period had increased from $7.7 billion to $10.2 billion. At the same time, OECD countries had taken significant steps to reduce the official debt of developing countries, particularly for the relief of low-income sub-Saharan African countries undertaking adjustment programmes. Several least developed countries would have part of their debt written off in 1991. Even more important, total net private flows to developing countries were estimated at $60 billion for 1990 compared with $48 billion in 1989.

106. Nevertheless, as the authors of the South Commission report (A/45/810 and Corr.1) had recognized, the developing countries must take control of their own destiny, particularly since aid resources were scarce and the providers of economic assistance tended to give preference to countries that had adopted the necessary policies to make best use of such assistance. The developing countries must also recognize that ODA represented only a minor fraction of the total capital resources—including particularly private loans and investments—which they could attract if they adopted appropriate policies. If official assistance donors tended to favour countries pursuing democratic and market-based economic reforms, that was even truer of private resource flows.

107. In other words, as pointed out by the representative of Algeria at the 1st meeting, the recent upheavals in Eastern Europe created opportunities as well as risks for the developing countries. He was convinced that the entire world would benefit from an additional centre of economic growth provided that all the developing countries stimulated their domestic economic activity and created a favourable climate for private investment, both domestic and foreign. That was not just another example of facile optimism. It had been proved that a closed economy was a mistake and that development depended on growth. The reintegration of the Eastern European countries into the world market economy could not but promote growth for the benefit of all.

108. Lastly, UNDP had shown in its publication, *Human Development Report 1991*,[4] that political democracy was a necessary condition for sustained economic development. The history of Eastern Europe had proved that there was a symbiotic relationship between those two requirements.

109. Mr. RIDER (New Zealand) said that, with the liberalization of their economies, the countries of Eastern Europe were engaged in a task that would be just as demanding and complex as their political liberation had been. New Zealand, which had taken nearly seven years to move from a regulated economy—less rigid than that in Eastern Europe—to a full market economy, intended to give those countries all possible support.

110. It had therefore contributed to the programme of the Group of 24 for the development of new enterprises and the launching of joint-venture projects, economic reforms and currency stabilization arrangements. Its contribution had been fully used, one third for Poland and Hungary and a further third for Czechoslovakia, Bulgaria and Yugoslavia, the remainder being devoted to the development of agricultural technology and vocational training. In addition, despite its general reluctance in that regard, his Government had agreed to underwrite exports to several Eastern European countries to a value of $NZ 50 million. The EBRD would take over from the Group

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[4] New York, Oxford University Press, 1991.

of 24 with investments that would promote sound long-term economic development.

111. In the short term, import demand in the countries concerned would probably be weak because of their indebtedness and ongoing reforms, and bilateral assistance efforts would be needed all the more. The New Zealand Government and private sector would strengthen the development of their trading relations with those countries. It would also be necessary, at the international level, for the new market-economy regimes to be able to participate in a fully liberal and fair global trading system. A successful outcome to the Uruguay Round was therefore essential. The recent improvement in East-West relations had increased the relative importance of international economic issues in global relations, and the sometimes divergent interests of the United States of America, the EC and Japan might create a new framework in which the problems of the developing countries would have to be dealt with differently.

112. Some developing countries would face increasing competition in OECD countries, particularly in view of the EC's decision to accord preferences to Eastern European countries. The territory of the former German Democratic Republic, for example, enjoyed a temporary derogation from the MFN principle authorizing the duty-free access of goods from the Eastern European countries. In view of those various factors, New Zealand shared the developing countries' apprehension that a substantial amount of the resources they would have received from Western countries might be diverted to the Eastern European countries.

113. The needs in Eastern Europe were for restructuring and reconstruction, while what the developing countries still needed was to stimulate their basic development. New Zealand had therefore opposed a move by some European countries to classify their flows to Eastern Europe as overseas development assistance. Similarly, New Zealand had supported the member countries of DAC when they had stated, in 1989, that their support for economic reform in Eastern Europe would not diminish their determination to give high priority to their development cooperation with the third world.

114. The Secretary-General had thus rightly said in his report (E/1991/82) that the recent changes in East-West relations increased the need to seek a solution to the long-standing issues of external debt, trade and finance that were hampering progress in many developing countries. Agricultural protectionism continued to cost the OECD countries over $200 billion, while their aid flows to developing countries amounted to only $47 billion. That was patently absurd. A satisfactory conclusion to the Uruguay Round would provide the single most valuable boost to development of the developing and Eastern European countries alike. For many reasons, it would be important to bring the East-West and North-South economic debates closer together.

115. Mr. BOWAN (Observer for Australia) said that developments in East-West relations and the changes in Central and Eastern Europe had promoted international peace and security and furthered democracy and respect for human rights in many countries, including a number of developing countries. The prestige of the United Nations had been enhanced and it had played a more important role, particularly in the human rights field. The danger of regional conflicts and civil wars still existed, of course, even in Europe, while natural disasters, refugee flows and other emergencies continued to challenge the multilateral system, and poverty remained an intractable problem for many developing countries; but on the whole, the world had become safer and freer. It could also become more prosperous.

116. The long and difficult transition of the Eastern European countries to a market economy, which would require a complex range of new measures, the recasting of domestic economic policies and a fundamental change in thinking and attitudes, could not be carried out successfully without an equitable international trading system, which meant providing improved access for those countries and developing countries alike to a more open system. Other forms of international economic assistance were, of course, also important. The EBRD had a major role to play in providing financial assistance and promoting economic reform. Despite its modest capacity, Australia had joined that institution and made provision for the Eastern European countries to become beneficiaries of the GSP. The success of the economic transformation of those countries depended above all on their rapid integration into the global financial networks incorporating multilateral and bilateral funding arrangements and on the establishment of structural arrangements to increase the pool of global savings so that the financial resources of regions in surplus could be channelled to regions in deficit.

117. The needs of the Central and Eastern European countries for financial assistance had arisen at a time when the needs of many developing countries were more pressing than ever, and that situation had placed considerable strain on the international economic and financial system. It was widely recognized, however, that the new demands emerging from Central and Eastern Europe must not be met at the expense of the financial and other assistance promised to the developing countries. The economic development of the Central and Eastern European countries should be to the longer-term advantage of developing countries in increasing demand for their commodities and manufactures.

118. In the absence of open markets, however, all those measures could be nullified—hence the importance of a successful outcome of the Uruguay Round. It was vital that progress in those negotiations should not be impeded or prevented by the failure of the major parties to take the difficult political decisions needed for a successful conclusion. The EC was already playing an influential and positive role in assisting Eastern Europe, but the maintenance of costly, inefficient and inappropriate subsidies in some of its member countries would run counter to the objectives of the Uruguay Round and set a rather bad example to countries endeavouring to emerge from decades of stagnation and take the difficult road to

a market economy. Australia therefore hoped that the current Special High-level Meeting would keep in mind the implications for the world economy—and in particular for the countries of Central and Eastern Europe in transition and for the developing countries—of the reduction of barriers to free and fair trade among all members of the international community.

119. Mr. JAZAIRY (President, International Fund for Agricultural Development) said that the changes which had taken place in the Soviet Union and other Eastern European countries were accompanied not only by the birth of a new spirit of freedom, but also, as was pointed out in the report of the South Commission (A/45/810 and Corr.1), by the persistence in the third world of the ancestral enemies of mankind—hunger, poverty, disease and insecurity. Current developments would undoubtedly lead one day to a better world for all, but the road was likely to be long and fraught with peril, especially for the most vulnerable.

120. The transitional period was attended by some short-term risks, especially for the developing countries—first and foremost financial risks. The concessional aid already granted in the past year to some Eastern European countries amounted to $4 billion, to which the cost of German reunification had to be added. There was a danger that financial flows would be diverted, particularly in the current economic recession, which gave rise to growing anxiety about the future of ODA to the least developed countries. There was also a growing demand for capital, which was reflected in high interest rates and a risk that the developing countries might be squeezed out of international financial markets. Still more serious, perhaps, was the fact that such demand might add to the external debt-servicing burden of those countries, a possibility that directly concerned IFAD and had already compelled it to halt payment of its loans to some projects in Central America and Africa. The forthcoming summit of the seven major industrialized countries might consider the possibility of asking donors to grant special assistance to countries which, with the best will in the world, were in no position to meet their commitments, so as to ensure that essential IFAD projects could keep going.

121. International trade was not immune from the risks associated with the transition period. At the very time that they were losing importance as market outlets for the developing countries, the countries of Eastern Europe might well become new competitors with the third world in the markets of the OECD countries. It could be readily imagined what the effects of that development would be upon the vitally important efforts made by IFAD and other institutions to encourage small enterprises in the developing countries. There was also the risk of large population movements from east to west in Europe and of an exacerbation of competition on the labour market between such newcomers and third-world immigrants—a situation which could worsen the already precarious situation of the latter and fuel xenophobia.

122. Fortunately, however, new risks also meant new opportunities. The transformation of East-West relations might release resources for new investment and for development cooperation. The lowering of international tension should not only help to reduce local insecurity but should be conducive to the creation of a more favourable environment for development projects and to reductions in the arms expenditures of the third world itself. Another positive factor was that the economic recovery of the Eastern European countries might create new outlets for the third world, and even transform Eastern Europe into a new source of development aid. One interesting possibility in that regard might be a liberalization of customs policies for imports of tropical products, which would considerably enhance the viability of a number of IFAD projects in Central America and Africa. Similarly, trade in petroleum products might expand on the expiry of preferential bilateral arrangements with the Soviet Union. It was to be hoped that the Eastern European countries would promptly play their due part in international economic cooperation, and that those which had not already done so would become full members of IFAD.

123. The current transition period raised three sets of problems. The first related to the process of democratization, which must come from the grass roots and find expression in concrete changes in people's lives. What was needed was a new model of social and economic development originating from the poor themselves and ensuring that they could emerge from poverty by their own efforts and organize themselves so as to express their needs and opinions.

124. The second set of problems concerned Africa, where, as economic and social indicators clearly showed, any further worsening in the situation would be catastrophic. However, the causal link between poverty, alienation and despair on the one hand and authoritarian ideologies on the other worked both ways. Furthermore, as in other regions of the third world, poverty and environmental degradation fed upon one another. In order to break out of that vicious circle, IFAD had launched the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, in 1986, with a view to implementing innovative strategies to reconcile and make mutually complementary the struggle against poverty and the preservation of the environment. The success of the Special Programme had led the IFAD Governing Council to extend it for a further three-year period. Africa hoped that it would once again be possible to mobilize for that second phase additional resources of $300 million. France, which had been the largest contributor to the first phase, had pledged $40 million for the second. Belgium and the Netherlands had made substantial pledges and Kuwait, in spite of its own reconstruction problems, had promised $15 million. The Congress of the United States of America was also considering the possibility of contributing to the Programme. He appealed to donor countries to show the same positive spirit as in 1986 and enable the Fund to

mobilize the necessary resources for the second phase of the Special Programme.

125. The third group of problems concerned the role of women in development. That role had been shown to be of major importance in food production, food security, health, education and the development of democracy, but, in actual practice, development programmes rarely took account of the specific constraints upon poor rural women and were in danger of marginalizing them even further. Such a waste of potential was inadmissible for developing countries and presented a serious obstacle to growth and the improvement of living conditions. On 25 February 1992, the Summit on the Economic Advancement of Rural Women would be held in Brussels, and it had already received support from a number of First Ladies in countries from all regions of the world. With that prospect in mind, IFAD was organizing a series of regional and interregional consultations whose results would contribute to discussions at the Summit and to the declaration that might be adopted. The clarion voice that the Summit would lend for the first time to the needs of poor rural women would, he hoped, help to change the direction of development strategies in such a way as to enable that particular group of the population to realize its full potential. At a time when the world had emerged from a half century of cold war, it was imperative to abandon the productivist approach, in which the individual was assimilated to a mere production factor, and concentrate attention on the fundamental questions of the human condition. IFAD was determined to play its full part in the noble fight against poverty and alienation.

126. Mr. MOGAE (Botswana) said that the positive developments in the countries of Eastern Europe deserved the support of all who believed in freedom and democracy, the more so since a restructuring of those countries' economies could create further opportunities for world economic growth and increased trade. It was to be hoped that the developments would help to strengthen the numerous ties that had been established between Eastern Europe and many developing countries. Positive changes had also taken place in the latter, in which a new sense of urgency had emerged about the need to reorient their policies in order to harness domestic and international resources alike in addressing pressing development problems. Moreover, the end of the cold war meant that it should be possible to put the considerable sums previously devoted to military expenditure to good use in enhancing mankind's well-being. It was important, therefore, to strive to ensure that the developing countries' special needs were kept on the international community's agenda. The countries of sub-Saharan Africa, it should be noted, had some fears in that regard.

127. In the report of CDP it was proposed that Botswana should graduate from the category of least developed country (see E/1992/32, para. 43). Botswana would indeed like to become one of the "developed countries", but it was still necessary to satisfy the three criteria proposed by the Committee (ibid., para. 42) and to warn the countries concerned in advance, in order that the transition could be made without a hitch. First of all, the country should have achieved self-sustaining, long-term development. In that regard, per capita net domestic product, which took into account depreciation and depletion of natural resources, would be a more appropriate indicator of the situation in Botswana than per capita GDP, as taken by the Committee. The most relevant criterion was that of economic diversification. In 1988/89 the mineral sector had contributed 51 per cent of Botswana's GDP, and diamond sales had represented 77 per cent of export revenues and over 50 per cent of government revenues, but the share of manufacturing in GDP had been only 4.2 per cent. Botswana, therefore, was certainly one of the least developed countries, although it was fleetingly going through an improved phase. The Government was doing everything possible to redress the structural disequilibrium, but the country was still far from economic diversification and sustained long-term development.

128. Botswana, as all developing countries, had prepared its development programme on the basis of precise assumptions with regard to the assistance it would receive and the attached conditions. Those assumptions were in turn related to its inclusion in the list of least developed countries. To be graduated immediately from that list would entail having to disrupt projects and face an increased budget deficit which would have a negative impact on social services, the economic infrastructure and efforts to diversify the economy. It would be inappropriate to penalize the country's careful economic management, since Botswana was still far short of income levels which would justify the world community reducing its support for the country's development efforts. Therefore, Botswana urged the international community to consider transitional measures to assist the countries concerned to adjust to their new situation and avoid a halt in the development momentum due to a sudden change of status.

129. He assured Botswana's traditional donors that the country would continue to make the best use of their resources, to improve economic management and to ensure that its economic development was lasting and environmentally rational, all in the context of the rule of law, respect for human rights and the strengthening of the role of the private sector.

130. Mr. NKANGI (Observer for Uganda) said that the recent evolution of East-West relations, while raising hopes that considerable resources could be devoted to the developing countries' social and economic development, also involved the risk that those countries might be left to fend for themselves with the inadequate resources currently at their disposal. There were differing interpretations about the direction and significance being attached to those events, as well as uncertainties about their implications for the developing countries. Uganda regarded the democratic process as a necessary condition for stable economic development. That process should guarantee participatory democracy for all, respect for human rights, the rule of law and accountability by those in public office; but it would not do to prescribe forms of organization and democracy, and, above all, such models

should not be made a condition for continued economic cooperation.

131. The reform process in Central and Eastern Europe and the Soviet Union was taking place at a time when many developing countries were carrying out difficult economic reforms and applying stringent structural adjustment programmes in an unfavourable economic environment characterized, in particular, by the scandalous net outflow of resources; in the case of Uganda, for example, the debt-service ratio was currently 107 per cent. Moreover, the amount of international support to the developing countries as a whole was comparatively low; it was essential, therefore, to ensure that ODA and other resource flows to the countries whose economies were in transition was additional to, not diverted from, resources already earmarked for developing countries. Further, Uganda urged those donor countries that had not yet reached the agreed ODA target (0.7 per cent of their GNP) not to delay in following the example of those that had achieved or even surpassed it.

132. Some developing countries had had mutually beneficial economic relations with the countries of Central and Eastern Europe and the Soviet Union. The new economic and foreign trade mechanisms introduced under the reforms would have, for some time, a destabilizing effect on the developing countries' economic exchanges. It was to be hoped that, in the long run, the reform process would consolidate, especially in regard to its trade-creating effects, and widen the scope of economic cooperation with the developing countries. In the meantime, many of the latter would be at a disadvantage due to competition for exports to the markets of the industrialized nations by the countries with economies in transition, especially when the tariff concessions granted to the latter were considered. Those countries would also benefit from increased direct foreign investment from the industrialized countries, which would enable them to boost their industrial production and improve technology. It was imperative, therefore, to maintain a system of liberalized trade in Europe, since the reduced economic growth in the countries with economies in transition had led to reduced lending to developing countries and to a fall in demand for imports from the latter, especially in the agricultural and mineral sectors.

133. The EC frequently stressed the positive impact that the single market in 1992 would have on the rest of the world, stating that it would not turn Europe into an impenetrable fortress. But the developing countries should not have to be content with statements of good intentions. The creation of a single market among a group of important trading countries should be accompanied by specific measures to ensure that the event would have a positive impact, especially on the developing countries. The aid which the EC had promised to the countries with economies in transition already exceeded the total amount the countries of Africa, the Caribbean and the Pacific had received during the past 15 years under the various Lomé Conventions. Although the EC had indeed made an effort under the fourth Lomé Convention, it had been much more generous with the countries whose economies were in transition. There was no disputing the fact that Eastern Europe's prospects for development hinged largely on its preferential access to Western European markets and capital; but special relationships with those countries should not give rise to new protectionism contrary to the objectives of the Uruguay Round, and de facto economic zones which would pose a serious threat, in particular, to the developing countries' trade with Europe.

134. Orderly development, stability and prosperity in Europe and the Soviet Union were in the interests of all, but East and West must not overlook the developing countries, particularly in Africa, since, in an interdependent world, international peace and security were, in the long term, incompatible with the North-South divide.

135. Mr. CÁRDENAS (Colombia) stressed that the subject chosen for the current Special High-level Meeting needed to be placed in the context of the profound changes currently taking place in the international order and giving rise to considerable challenges as well as great opportunities. The question was whether the members of the world community were going to be mere spectators of that historic transformation or whether they would use the opportunities available to create a world of greater solidarity and prosperity.

136. An analysis of mankind's history, particularly of the modernizing impulse given by the industrial revolution, showed that, although extraordinary economic progress had been attained, the gap between rich and poor had widened and had been further aggravated by the extreme politicizing of international relations due to the bipolar structure of world power, which had been ideological and Manichean at the political level as well as discriminatory and protectionist in the economic sphere. The end of the cold war, the wave of democratization in Latin America and the liberalization of Eastern Europe opened broad prospects for peace and understanding among peoples, provided that an overall political will existed to surmount the main collective problems through concerted efforts and thus ensure better economic and social development.

137. At the international level, the modern revolution would be carried out when the interests of the majority took precedence over those of countries and blocs. In that context, the multilateral nature of decision-taking centres, in contrast with the former bipolar structure of world power, should lead to the disappearance of regional conflicts and to the universalization of the economy so as to ensure collective security and the establishment of economic liberalism free from discriminatory and protectionist practices. The end of the cold war should make it possible to move towards a political and economic dialogue based on collaboration and not on confrontation. What no one would understand would be a substitution of the East-West conflict by a confrontation between the rich countries and those burdened by economic backwardness, between megablocs and small countries abandoned to their own destiny.

138. Any analysis of the current situation must take into account that, while the resources available for development had not grown, the disappearance of the socialist systems and of the CMEA had increased the number of potential beneficiaries from those resources, since the countries of Eastern Europe had joined the developing countries of the Western world. That process would unquestionably arouse, at least in the short term, conflicts which must be faced with determination and expediency. In his delegation's view, it was essential to find additional resources to meet the needs of the countries of the East, in a way which did not worsen the already precarious situation regarding the financial resources available for the developing countries.

139. In order to ensure stability in their growth, the developing countries, including Colombia, had already undertaken a wide range of economic adjustments, many of which significantly affected the most vulnerable groups of their populations. Those countries' margin for manoeuvre was thus being constantly reduced. In view of that situation and the persistence of grave international economic problems and imbalances which considerably restricted the opportunities of financing for the developing countries, the latter were understandably worried by the new turn in East-West relations.

140. Recent events had unfortunately shown that development was not one of the main priorities of the international community. Although it had been easy to find enormous resources for warfare, it had not been so for promoting the peaceful alternatives offered by homogeneous and balanced development, collective well-being and social justice.

141. However, the new world situation and the current East-West juncture should represent not a threat but a source of hope for the developing world. To make it so would require the application of new forms of international cooperation and a clear recognition of the responsibility incumbent upon all, since those who were the most deprived could not be called upon to make the requisite sacrifices alone.

142. As stated by the Secretary-General in his report (E/1991/82), the United Nations clearly had a role to play in efforts to ensure the success of the transition process. Nevertheless, the representative of Colombia felt it should play a much more important role than that envisaged in paragraph 18 of the report. The United Nations must stop being simply a forum for discussing principles and adopting declarations which, for the most part, remained a dead letter since their implementation fell to other independent international bodies or Governments themselves. It would be better if, instead of adopting declarations on topics of the widest diversity, it had a more limited sphere of competence but one in which it could take firm action. For that reason, the Colombian Government resolutely supported the changes introduced in the Council's functioning, which it felt were a decisive step in the reorganization of the United Nations system as a whole in the economic and social fields.

143. For the same reasons, Colombia had offered to host the eighth session of the United Nations Conference on Trade and Development, thus hoping to make an active contribution to boosting UNCTAD. It hoped that UNCTAD would be renewed, become more effective and analytical, improve its methods of work and establish closer links with the Bretton Woods and GATT mechanisms, in order to be an authentic forum for concerted approaches to the main subjects of concern to the developing countries.

144. In conclusion, he stressed the need to abandon routine and undertake a formidable united effort to modernize the international community and thus ensure for all countries a level of prosperity that they had been unable to enjoy during the many years of world economic disintegration.

Mr. Naste Calovski (Yugoslavia), Vice-Chairman, took the Chair.

145. Mr. KRAVCHENKO (Observer for the Byelorussian Soviet Socialist Republic) said that it was still difficult to assess the real significance and scope of the fundamental structural changes occurring at the present time. The countries of Eastern Europe and the Soviet Union—in particular the Byelorussian SSR—were entering a new era marked by the predominance of the market economy. The transition would not be an easy one and could not be achieved overnight. Several decades would be needed for the market economy to be developed and organized.

146. The bridging of the ideological gap had revealed a new disparity in Europe based on the difference in levels of economic development and on the different levels of market penetration. The disparity was not of course as great as that between the countries of the North and the South, but in a few years time it would make itself felt.

147. Major migratory movements for economic motives could rapidly become a real headache for all countries in Europe. Countries exposed to immigration would then be tempted to take protectionist measures, for example in the form of more stringent procedures for granting visas or the establishment of camps for displaced persons. Those could only be regarded as administrative measures, however, which would result in the erection of a new iron curtain, operating in the other direction, and would be doomed to failure. It was to be hoped that efforts would be made to create conditions under which peoples would no longer be driven by economic need, irrespective of where they lived.

148. In order to ensure its transition to a market economy, the Byelorussian SSR had introduced radical changes and was currently concentrating on the establishment of the necessary legal and economic infrastructure. Some 40 new items of legislation had already been passed, covering, in particular, foreign investment, ownership and indexation of the incomes of the population. Privatization was under way and a commercial banking system had been established. Banking was in fact one of the most profitable sectors at the present time, since the

structural changes occurring in the Byelorussian SSR had been reflected in an increased demand for credit.

149. The Byelorussian SSR was currently engaged in devising a new taxation system, bearing in mind that taxes were an economic instrument which could either stimulate or impede economic activity.

150. The market economy could be the means of resolving numerous economic problems, in particular those engendered by the Chernobyl disaster. The Byelorussian SSR was counting on international cooperation to mitigate the adverse effects of that tragedy, and needed special equipment, particularly diagnostic instruments and medicines for the treatment of cancer. The consequences of the Chernobyl disaster had imposed a very heavy burden on the country's economy, complicating even further the transition to a market economy. The direct and indirect losses occasioned by the disaster amounted to some 100 billion roubles, or 8 to 10 times the Byelorussian SSR's annual budget. One quarter of the territory of the country had been rendered unsuitable for agricultural or industrial production.

151. The demographic situation had also suffered serious deterioration, with a fall in the mean birth rate from 7.2 to 5.4 per thousand between 1986 and 1990. The genetic consequences of the disaster had also been considerable, involving an appreciable increase in the number of congenital malformations within the space of five years. The introduction of the market economy had been reflected in an appreciable reduction in social programmes and at the present time 600,000 children needed urgent care in the affected zones. The uncertainties consequent on the introduction of the market economy were an additional source of psychological tension and collective psychoses had been reported in regions of the Byelorussian SSR affected by the Chernobyl disaster.

152. In connection with the effects of the disaster, he drew the Council's attention to the Declaration adopted at Minsk by the Council of Ministers for Foreign Affairs of the Soviet Union and of the Federated Republics (E/1991/114, annex).

153. The Byelorussian SSR, as a member of the international community, believed that a country was at its strongest when it was able to demonstrate solidarity with others and in particular with the most disadvantaged groups. His country would accordingly spare no effort in contributing to the solution of North-South problems.

154. Mr. ÇUÇI (Observer for Albania) said that the State and society of Albania had finally broken with monism, totalitarianism and communism and were moving irreversibly towards democratization. The Government and people were resolute in their support of the concrete measures undertaken by the Economic and Social Council and the United Nations in general to overcome the obstacles in the way of economic development and to extend the process of development to all countries.

155. His delegation believed that the powerful currents of democratization, which had begun to flow with the end of the cold war, were an essential factor in development. They had aroused the democratic sentiments of the Albanian people and encouraged Albania to renounce an obsolete and doomed system, and move along the road to integration with Europe and the world. He was convinced that it was the right road, even though it involved many sacrifices for the Albanian people. Old political, economic and social structures were in the course of being overturned and a vast programme of economic reform had been initiated based on the market-economy model.

156. The division of the world into two blocs and the confrontation between East and West had had pernicious economic and social repercussions—some of which were still apparent today—on all peoples and in particular on the people of Albania. It was to be noted in passing that the problems affecting North-South relations were in many respects similar to those in East-West relations.

157. By radically transforming its political system and by its endeavours to adapt to the structures of the Western world, Albania had laid the foundations for entering the common European house. The success of that reform was, however, as in the case of other countries in Eastern Europe, threatened by extremely serious economic problems. His delegation accordingly welcomed any measures for the economic support of the countries of Eastern Europe, including Albania, and any assistance they might be given in their efforts to integrate into the world economy.

158. In Albania, the transition from a planned economy to a market economy had raised a considerable number of problems, previously unknown and unforeseen, which could not be resolved without the technical, material and financial support of international economic and financial circles and organizations. Without that support there could be no real integration and coming together of the economic structures, however correct the programmes of economic reform might be. As a result of its long drawn out isolation and its fairly recent move toward democratization, Albania had been obliged to modify completely its economic structures and to introduce, from scratch, the basic elements of the market economy. That process of transformation would be difficult, if not impossible, in the absence of a major flow of foreign investment aimed at economic revitalization and the implementation of priority elements of the programme of reform. The Albanian democracy was in urgent need of political and economic support and specialized knowledge if it was to avoid failure and consolidate its position by the development of national resources in the material and human fields.

159. He emphasized that Albania was now open to an inflow of foreign capital and anxious for any form of mutually advantageous cooperation. He wished to express his country's gratitude to UNDP and other international organizations such as IMF and the World Bank which had already provided support to Albania.

160. Mr. CHERKAOUI (Morocco) said that the current meeting would undoubtedly make a contribution to the revitalization of the Economic and Social Council and to the restructuring of the intergovernmental machinery of the United Nations for conducting multilateral negotiations. It provided a chance to look forward, beyond current crises and the adverse economic situation, to a future which was there for the world to grasp, and an opportunity to lay the foundations of the economic and social changes that were needed. Fortunately, the cold war had given place to processes of democratization and economic integration which had become the potential cornerstones of world stability. From now on, what was at issue was the success or failure of the current transition situation, both in the countries of Central and Eastern Europe and in the developing world as a whole.

161. It was a truism that the extension of democracy within countries was largely governed by the democratization of international relations in the same way that the successful integration of countries in the world economy depended on the abolition of economic injustices at the international level and the establishment of conditions favouring universal growth and sustainable development. There was also a close connection between the incoherence of the international commercial, financial and monetary system and the degradation of the environment, the depletion of natural resources, the deterioration of food security and world poverty.

162. The achievement of sustainable and humane development could only be brought about by a radical transformation of production and consumption practices, which had to be implemented against the background of the integration of countries in transition both in the East and in the South. Development of that type would necessitate a close look at the damage caused to the natural environment and the consequences of squandering exhaustible resources, the population explosion in poor countries and the social tensions liable to result from the failure to satisfy basic social and economic needs. Many developing countries, confronted with those difficulties and exposed to a hostile economic environment, had fallen back on their own resources rather than striving for integration in the world economy. That dangerous trend, if maintained, would jeopardize the modernization of the countries of the South and the integration of those of the East, which were parallel aims and not mutually exclusive.

163. A greater number of States were now aware that the most precious human asset was to be found in scientific knowledge, in the breadth of the intellectual horizon and in the span of the creative imagination. Like the rest of the world, the States of Central and Eastern Europe wished to achieve integration in the international economic arena by learning to master the new triangular relationship between economic prosperity, technological development and respect for human rights. Spurred on by the wish to see those countries succeed in making the transition to the market economy by their own efforts and with the resolute support of the international community, Morocco had joined EBRD as a founding member. Morocco would, however, like to be reassured that the complexity of the transition phase would not be underestimated to the extent that the granting of assistance was subordinated to compliance with a wide range of conditions.

164. Having said that, it was clear that the economic changes which had occurred in Eastern Europe would have repercussions on the developing countries, if the developed countries confined themselves to redirecting international cooperation, even partially, towards the transition economies of Eastern Europe without any consequent adjustment of the commercial, monetary and financial structures governing international economic relations. Citing in that connection the loss of earnings which commercial restrictions in force in the industrialized countries represented for the developing countries, he drew attention to the danger of a discriminatory opening of markets in the developed countries to products from countries in Eastern Europe, at the expense of exports from the developing world. A genuine liberalization of trade, in the context of the Uruguay Round, should be reflected in a substantial dismantling of current protectionist barriers, thus providing real outlets for exports from the developing countries.

165. The second aspect on which the Special High-level Meeting should focus closely was the low level of savings worldwide and the increased competition for the resources available to finance development. The huge demand for financing resulting from the upheavals in the countries of Eastern Europe had exerted strong pressure on international savings, the first victims of which were the developing countries. That pressure was of course nothing new, owing to the deficit financing of certain major industrialized countries. Nevertheless, the credit requirements of the countries of Central and Eastern Europe could not but accentuate the low level of savings on the global scale, which would penalize the developing countries, forcing them to accept additional adjustments accompanied by increasingly painful social repercussions.

166. The developing countries needed adequate foreign aid on favourable terms, the most suitable form being ODA. It was to be feared, however, that donors might be led to reduce the quantity of financial flows of that type, redirecting them to the countries of Central and Eastern Europe, unless additional resources could be mobilized for that purpose.

167. Furthermore, the changeover of the planned-economy countries of Eastern Europe to a market economy had resulted in an unprecedented mobilization by international financial institutions, quite apart from the establishment of EBRD. In spite of public undertakings by senior officials of those institutions in favour of the maintenance, and indeed the strengthening, of cooperation with developing countries, it could be that priority would be given to the countries of Eastern Europe if the level of resources available to them remained stationary.

168. His delegation therefore believed that the time had come to give concrete expression to the move to-

wards solidarity both with the countries of Eastern Europe and with the developing world by replenishing the resources of the multilateral financing and development institutions and authorizing the issue of a suitable quantity of SDRs, while at the same time ensuring the adoption of policies aimed at lowering real interest rates. Against that background, his Government fully supported the constructive proposal by the Secretary-General (see 16th meeting, para. 21) to convene an international conference on development finance and called on all countries to show the political will required to ensure that the conference met at an early date.

169. Direct foreign investment could make an important contribution to development. That was why a large number of developing countries had recently adopted measures to attract investment and, at the same time, some of the industrialized countries were starting to dismantle progressively the obstacles to foreign investment and were allowing capital resources to circulate more freely. In the light of current developments in the countries of Eastern Europe, it was reasonable to suppose that in the medium term direct foreign investment would flow towards that region in view of its level of industrialization and technological base.

170. Development was none the less a right to which all countries were entitled. The liberalization in the countries of Central and Eastern Europe could be reflected in a genuine opening-up of their economies and in their integration into the multilateral trade system, something which might perhaps benefit the developing countries provided that they adopted a dynamic, open and competitive attitude. The new international conjuncture appeared propitious for the establishment of a global, multilateral monitoring system capable of genuinely coordinating the macroeconomic policies of the countries of the North, East and South and providing the best possible incentive to the developed countries to adopt policies which were favourable to world growth and compatible with the major imperatives of development and with the concerted aims of progress, mutual understanding and peace.

171. Mr. MILADINOV (Bulgaria) said that although the unprecedented changes in Eastern Europe were also giving rise to considerable problems, they had made a great contribution to an improvement in the international political climate. There was no doubt that to successfully overcome the global problems in the socio-economic field, and to achieve sustainable growth and development was dependent on mobilizing the international community and hence integrating the countries of Eastern Europe in the world economy. The events in Eastern Europe should not divert attention from the persistent problems of developing countries. For that reason, Bulgaria supported all efforts aimed at creating conditions which would stimulate economic growth and development.

172. The transition to a democratic, market-oriented society had led, in Bulgaria and, no doubt, in all other countries of Eastern Europe, to tremendous difficulties which had been made even worse by the unfavourable external economic environment. It seemed difficult to solve the problems without support from the international community and without creating the conditions in which those countries could be integrated into the world economy. Slowing down that process would have an extremely negative effect not only on the peoples of those countries but also on international economic cooperation as a whole. Bulgaria supported efforts to coordinate measures to overcome the negative consequences of transforming the world economy, especially with regard to the transition which was taking place in Eastern European countries. The documents submitted by the Secretariat contained rational ideas, but the fact remained that responsibility for socio-economic development lay primarily with each country.

173. He considered that his country's membership in European and world bodies such as the IMF, the World Bank and EBRD was an indispensable prerequisite for accelerating and achieving success in the reform process and for creating the necessary conditions for its active participation in international economic exchanges. Bulgaria was also planning to join the Council of Europe, the European Parliament and EFTA, or cooperate more closely with them.

174. The various measures taken by Bulgaria in the previous year should have a positive long-term effect on its domestic democratization process. Thus, it would be in a position to join in the efforts of the international community to create a world environment of trust and economic stability which would be to the benefit of all, including developing countries.

175. Bulgaria unreservedly supported the efforts made to enhance the coordinating role of the United Nations in social and economic matters in order to overcome existing imbalances and ensure stable worldwide growth. For that reason, Bulgaria supported strengthening the United Nations' preventive functions in that area, particularly with regard to identifying potential problems and finding solutions. It was convinced that the United Nations, as a universal body, was in a position, given the goodwill of all its Member States, to help create a favourable international economic climate.

176. Mr. WALKER (Jamaica) said that his country had joined the international community as a whole in welcoming the events in the Soviet Union and Eastern Europe, which had marked the end of the cold war and the beginning of a movement towards democracy in the region. His country hoped that with their inevitable integration into the world economy, the opportunities for international cooperation for economic growth and development would be considerably enhanced.

177. The pace at which the changes had been taking place inspired great optimism and some countries had made commitments of technical and financial assistance to facilitate the transition process. However, with hindsight, it was clear that the process of transformation would be long and difficult and that it would be some time before the benefits for the world economy would be

felt. The question which then arose was what the consequences for developing countries would be. The response of Western countries had caused concern over development assistance being diverted towards Eastern European countries and, despite reassurances, it appeared that such fears were well-founded, in the light of resource availability worldwide. It seemed necessary, therefore, to mobilize additional resources, one of the quickest ways being through a reduction in military expenditures.

178. Important lessons could be learned from the developments that had occurred in East-West relations. The end of the cold war and of East-West rivalry had allowed developing countries to concentrate more on their own development. In addition, it was being increasingly emphasized that some of the financial savings made by both East and West through reducing military expenditures should be made available for development. There was, of course, also scope in some developing countries for the transfer of resources from armaments to economic and social development.

179. The failure of the centrally-planned economies in Eastern Europe and at the same time, the success of some developed and developing countries with a market economy, particularly the newly industrialized countries of South-East Asia, clearly demonstrated the way forward. Nevertheless, a move from one extreme to another should be avoided—both the public and private sectors had important roles to play and they should cooperate closely. Jamaica was taking into account everything being done in other countries. The prerequisites for economic and social development had been recognized and, despite limited resources and the intolerable burden of external debt, attempts were being made to put them into practice. Jamaica was well aware of the need for both economic and social development, the need to strike the right balance between them, and place the proper emphasis on human resources development, given the crucial importance of popular participation in development.

180. Jamaica, as a developing country, had some similarities with Eastern European countries, in particular the foreign debt burden for which, despite the worthwhile initiatives taken so far, no real solution had been found. It should nevertheless be possible to reach agreements with the multilateral financial institutions on lightening the burden of debt-servicing in order to solve that aspect of a problem facing many developing countries, whilst not detracting from the prestige of the institutions involved.

181. There was often talk of the need to strengthen cooperation to deal with common problems such as debt, drugs, the environment and energy. The effects of the changes in Eastern Europe were further evidence of the need for collaboration on all fronts to cope with situations whose impact extended beyond the countries most directly involved. The transformation of the Soviet Union and Eastern Europe inevitably entailed integrating them into the world economic system including, as appropriate, membership of international institutions. The United Nations could play a leading role and Jamaica wholeheartedly supported efforts to reform, restructure and revitalize it.

182. Assurances had been given to developing countries that assistance to Eastern Europe would not be at their expense. He was pleased to note that those assurances had been repeated and reaffirmed. Jamaica welcomed the developments in Eastern Europe which, in time, would be beneficial not only to those countries themselves but also to the international community, and it hoped that they would succeed in overcoming the considerable problems facing them and thus be in a position to help create a more peaceful, stable and prosperous world.

183. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic) said that the current economic and political situation was unprecedented, being characterized by constructive dialogue, mutually beneficial compromises and the strengthening of peace and security. As pointed out in the report of the Secretary-General (E/1991/82), just a few years previously East and West had been rivals in seeking support for their antagonistic alliances. But in 1990, the main item on the international agenda had been Western aid to help transform countries of the East whose contacts with Western economic cooperation agencies had increased. The impact on international relations and the future of humanity of changes such as the recognition of the importance of common humanitarian values, the development of democracy, the reform of outdated economic and political structures and radical economic reforms was still to be assessed. The Ukrainian SSR was convinced that full and prompt integration of the Eastern European countries into the world economic system would not only meet the expectations of the peoples of those countries but also be in the interest of developing countries. In that regard, he recalled that in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, support had been pledged to the countries of Eastern Europe which were striving to transform their economies and join in the international division of labour.

184. The Ukrainian SSR was currently undergoing a phase of economic and social transformation which entailed the democratization of all aspects of economic, social and political life and the creation of a State based on the rule of law. In particular, the process had led to the adoption by the Supreme Soviet of the Republic, on 16 July 1990, of a Declaration on the Sovereignty of the Ukraine, which recognized the exclusive right of the Ukrainian people to own, use and manage the Republic's natural resources. Many other legislative texts had been adopted with regard to economic, budgetary, financial and tax matters, along with a programme to combat the economic crisis.

185. With regard to external economic relations, the Ukrainian SSR had to become part of the world economic system and the international division of labour. For that purpose, various instruments had been adopted

which created the necessary conditions for the mutually beneficial development of economic, commercial, scientific and technical relations, including with developing countries. The Ukrainian SSR was ready to develop its relations with the West and the South but particularly wanted to strengthen cooperation with the new sovereign republics of the Soviet Union. Thus, a friendship agreement had already been signed with the Russian Republic.

186. The implementation of such measures demanded substantial human and financial resources along with know-how and advice from countries which had already had to overcome similar problems. The United Nations system had a particularly important role to play in that regard. Unfortunately, it had so far been slow to react to the changes which had taken place and, in order to find efficient solutions, it was necessary to make radical changes to the system's mechanisms, which had fallen behind the times.

187. He stressed the importance of the Special High-level Meeting for the Ukrainian SSR, which intended to play an important economic and political role in the international arena, in accordance with its scientific, technological and human potential. He emphasized that the integration of the Ukrainian SSR into the international economic system would not be at the expense of developing countries, but on the contrary, in time would mean that the Ukrainian SSR would become an important partner for them, a new source of financial and technological inputs and a new outlet for their products.

The meeting rose at 9 p.m.

3rd meeting

Friday, 5 July 1991, at 10.15 a.m.

Chairman: Mr. Lakhdar BRAHIMI (Algeria)

E/1991/SHLM/SR.3

AGENDA ITEM 2

Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation (*continued*)

1. Mr. NGOUBEYOU (Cameroon) observed that the development of East-West relations was undoubtedly welcome news. Thanks to the political will of the western industrial Powers, an unprecedented mobilization of resources was taking place in favour of the East. Agreements were being concluded for trade, financial, industrial and technical cooperation, and the debt of some countries, such as Poland, had been substantially reduced. The group of seven major industrialized countries was welcoming the USSR and was mobilizing considerable resources in its favour.

2. EBRD had been launched and the doors of the international financial institutions were wide open to Eastern Europe, which had abundant skilled manpower that was ready to settle in the West. A new Marshall Plan was being launched to assist Eastern Europe. The world was bound to benefit from those developments. Integration of the Eastern countries should give a boost to the world economy and the developing countries had the right to hope that they would find new partners and markets.

3. That hope might prove illusory in view of the major uncertainties mentioned in the Secretary-General's report (E/1991/82). The marginalization of the developing countries continued and with the polarization of forces and mobilization of resources in favour of the East, it was legitimate to ask what resources would be left over for the South. For more than 20 years after setting the ODA target of 0.7 per cent of GNP, it had not been achieved and the flow of resources had dwindled and indeed been reversed. In the absence of new measures to increase liquidity Eastern Europe's financial needs would exhaust the resources available.

4. The goals of renewed growth and development agreed in the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries[1] and restated at the Second United Nations Conference on the Least Developed Countries,[2] in the International Development Strategy for the Fourth United Nations Development Decade[3] and in the United Nations Programme of Action for African Economic Recovery and Development 1986-1990[4] were far from being achieved.

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[1] General Assembly resolution S-18/3, annex.

[2] See *Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990* (A/CONF.147/18).

[3] General Assembly resolution 45/199, annex.

[4] General Assembly resolution S-13/2, annex.

5. Like the Eastern European countries, the African countries had undertaken political and economic reforms and mobilized their resources to further their structural adjustment and transition towards democracy. It was unlikely that they could succeed without the external resources and the favourable international environment needed for development. In the absence of parallel measures to aid the developing countries, the concentration of effort on Eastern Europe would widen the gap between North and South.

6. Following the Special High-level Meeting, a compilation should be made of the measures taken by Member States and international organizations to give effect to their commitments to guarantee the sustained growth and development of all countries, particularly the developing countries in the context of the integration of Eastern Europe into the world economy.

7. The goal should be a just and equitable new world order. It would be impossible to achieve it or to tackle common problems such as the protection of the environment—particularly tropical forests, drug control, and the question of migration, if the wall of poverty outlasted the iron curtain.

8. Mr. PIREK (Czechoslovakia) said that the end of the cold war made it possible for the international community to cope better with many challenges facing mankind but the process was not without ambiguities.

9. The world situation was not idyllic. Regional conflicts prevented the establishment of peace and cooperation among neighbouring ethnic groups and races or differing religious communities. It was alarming that the developing countries were spending $173 billion annually on armaments, two or three times as much as they spent on education and health. Disarmament was not, however, enough to ensure security. It was necessary also to assure development and enhance the quality of life of individuals and nations.

10. Many humanists and democrats had searched for a system in which peace and justice would prevail. Marcel Mauss, for example, had believed in a united States of the world that would emerge when nation States joined in a confederation in which tribal feuds were forgotten and nationalistic prejudices suppressed. With the breakdown of the bipolar world, the idea had been revived in the concept of a community of democracies advanced by the Secretary of State of the United States of America at the recent Berlin meeting of the Council of Ministers of the Conference on Security and Cooperation in Europe. In his delegation's view such a community would be a society of common values marked increasingly by globalization of productive sectors and markets and the international exchange of scientific, technological and cultural knowledge. It must be based on the concept of individual political rights and economic freedom. International cooperation would not be the tool of those whose maturity was expressed by strength of muscle and weapons.

11. His country's economy was undergoing fundamental systemic and structural changes in adverse external conditions. The disintegration of the former CMEA countries' intraregional trade had had a destabilizing effect, which it hoped to correct by incorporating the economy into the world economic system. The country's European orientation did not exclude mutually advantageous relations with other countries. The United States of America and other non-European industrially advanced countries were gradually becoming important economic partners of Czechoslovakia and there were good prospects for cooperation and trade with the developing countries. Despite the complexity of the reform process and the urgent need to restructure the economy, he was confident that ongoing changes would, particularly in the medium and long term, be beneficial for its cooperation with developing countries.

12. The times required a common and coherent approach to global issues. In that context, interregional dialogue had great promise. An example was furnished by the meeting of high-level representatives of Latin America and the Caribbean and the Central and Eastern European countries in transition under the auspices of ECE, ECLAC and UNDP in Vienna in early 1991. His Government wished to use the United Nations system to forge a partnership with developing countries and would organize a seminar on cooperation with developing countries in cooperation with UNCTAD and UNDP in late 1991. A UNIDO investment forum was to be held in Prague in November to promote the participation of foreign partners in various industrial projects. Representatives of Governments and world entrepreneurial and banking circles would have an opportunity of meeting their Czechoslovak counterparts under a UNIDO "industrial consultations" project.

13. Mr. SUTRESNA (Indonesia) said that old patterns of international relations were becoming blurred and new shapes were coalescing. Despite many encouraging developments in the international political scene the world economy was in a state of prolonged uncertainty and relations between developed and developing countries were still burdened by severe imbalances and inequities. With the improvement in East-West relations, North-South asymmetries and disparities had sharpened. The external debt problem, the transfer of resources from developing to developed countries, persistent monetary instability and new forms of protectionism remained major challenges. The development dimension still needed to be better reflected in the international trading and monetary systems.

14. The outcome of the dramatic changes remained unclear and they had in fact exacerbated the existing climate of uncertainty. The questions before the Special High-level Meeting were therefore urgent and timely. The rapidly changing situation offered the international community a unique opportunity to help shape the future on the basis of the principles of the Charter of the United Nations.

15. The economic and social turmoil in the wake of the political change in Eastern Europe had jolted the world economy and there were signs of a weakening effect on world economic growth that might persist.

16. The shift in East-West relations from confrontation to cooperation could have a direct impact on developing countries, particularly in finance and trade.

17. The integration of the Eastern European economies into the market system and resultant restoration of growth should substantially benefit the world economy and the developing countries. The transition might, however, be prolonged, with adverse effects on the development of the developing countries, in particular through competition for scarce financial resources and access to developed country markets. The downturn in East-South trade and cooperation following the collapse of CMEA also had adverse effects.

18. If their productive capacity was increased, Eastern European countries might eventually compete with exports by developing countries. Although many Eastern European exports were uncompetitive, a number of support measures, such as continuation of MFN treatment and an EC proposal to grant GSP treatment might, however, significantly improve their access to the export market. There was also likely to be a shift in the balance of global economic power in favour of Europe, particularly if the European single market was expanded to include Eastern Europe.

19. The transition from centrally-planned to market-oriented economies would require massive injections of capital and technical assistance. In view of the scarcity of financial resources and the competing demands of other needs, such as the United States deficit, financial flows to the South might be jeopardized. It was possible also that ODA earmarked for Eastern Europe would be at the expense of available resources for developing countries. Although DAC commitments of aid to Eastern Europe had been based on the principle of additionality, there was no guarantee that that principle would not be eroded over time. Economic assistance to developing countries might also be reduced through the channelling of aid to support the economic reforms in Eastern Europe. The EIB, for example, was to lend 1 billion ECU to Eastern Europe over a three year period to fund infrastructural and industrial projects. In addition, the World Bank would lend over $5 billion to Eastern Europe over the next three years.

20. There was also the danger that developed countries would impose additional conditions on aid to developing countries similar to those set for the Eastern European countries. The European countries' preoccupation with the rehabilitation of Eastern Europe might absorb surplus savings that would otherwise be available to developing countries, causing interest rates to rise and thus increasing the debt burdens of developing countries and the cost of international borrowing.

21. The international community should formulate policy measures to ensure that Eastern Europe and the developing countries were simultaneously and adequately assisted. As pointed out by the Declaration of the Algiers Colloquium (E/1991/78, annex), all necessary steps should be taken to avoid diversion of financial resources from developing countries, and the agreed objectives of the International Development Strategy for the Fourth United Nations Development Decade should be observed. In the event of liquidity problems, Japan's recent proposal for a new SDR issue could be further explored. The debt burden of heavily indebted middle income countries could be relieved in accordance with the precedents recently set.

22. It was increasingly recognized that the rechannelling of military expenditures into development could greatly enhance stability and security. The international community should make a collective effort to tackle the roots of instability and conflict, eliminate poverty and narrow the existing disparities between North and South. Fundamental rethinking on security and the need for social and economic development was essential to cooperative management of the planet through realistic programmes, and to the realization of the emerging vision of international peace and security.

23. Mr. MAYOR (Director General, United Nations Educational, Scientific and Cultural Organization) said that a number of aspects of the question before the Special High-level Meeting were of particular concern to UNESCO.

24. The first was the central question of development finance. The existence of financial resources was a necessary condition for economic success and for the spread of change, but it was not enough in itself. Experience had shown that, in many cases, democracy was lacking when it came to the distribution and use of the borrowed funds. Hard choices would have to be made among the various uses to which the resources internationally available for development were put. The more military and civil expenditure was restrained, the easier those choices would be. Nevertheless, the method of allocating and distributing resources was more important than their amount.

25. Human resources for development were another important aspect. Although a consensus had been reached on the importance to development of basic education and the training of human resources, action had not been commensurate. In most developing countries, finance for satisfactory basic education ran up against a shortage of funds caused by the low level of development, often made worse by adjustment policies that failed to take into account the diversity of the countries concerned. An important stand in favour of strengthening basic education had been achieved at the World Conference on Education for All, held at Jomtien, Thailand, from 5 to 9 May 1990, co-sponsored by the World Bank, UNDP, UNICEF and UNESCO. Thanks in part to the financial resources pledged, those organizations were currently implementing a joint plan of action. The World Bank alone had more than doubled the funds available. That effort must be sustained by systematic action by the international community. Such support must involve a

considerable reduction of poverty, particularly in rural areas, to allow parents and children to have access to, and to succeed in, education. Girls in particular must have an opportunity for education, if programmes for population control, environmental protection and civic education were to have any chance of success. It would also be more necessary than ever to consider and take action on the structure and financing of post-elementary education. Long-term development would certainly be affected by the solution to that problem.

26. One short-term problem that had arisen was the rapid growth of unemployment of graduates, not only in many developing countries but also in the countries of Eastern Europe and the Soviet Union. The only answer was training of a quality that could sustain competition and create jobs. Those countries needed to acquire a spirit of entrepreneurship and must be helped to do so by the international community. New forms of institutions must be identified that would make it possible to use those skills which at present found their only outlet in an increasingly alarming brain drain. The system of "UNESCO Chairs" was one means of transferring knowledge and technology for the South's benefit, by enabling the speedy and informal creation of skills and know-how at the subregional level.

27. The crisis in educational and training systems would not only hamper long-term development but would also impede the wide-ranging action which the international community proposed to launch for the preservation of the environment. UNESCO had acquired valuable experience in environmental education as well as through its special intergovernmental scientific programmes, and it was its intention to carry out studies in that field before the United Nations Conference on Environment and Development in 1992 and make proposals for action, in cooperation with other interested international organizations.

28. In many developing countries, particularly the least developed, environment and development were two faces of a single coin. Education for women, technical training for agriculture and rural development, improved scientific and technological capacity through higher education better adapted to national needs, were all vital from both points of view.

29. The current processes of adjustment and transition also possessed an important cultural dimension. It was crucial not to repeat the errors of the past and reduce the necessary transitions and adjustments to mere compounds of economics and technology with no link to the life and culture of the people. The real problem was not how to move from a planned to a market economy but how to move from a culture of dependence and the welfare State to one of initiative and independence. The change must be from State control to freedom, which was the essence of democracy, not simply to a free market. Social analysis and solutions as well as economic solutions would be needed. An interdisciplinary approach must be taken in order to understand and direct the process of transition in complex systems that were evolving in uncertain times. That approach would have to be reflected in education at all levels. There again, the role of education in preparing for civil life, the proper understanding of problems and participation in solving them must not be underestimated. UNESCO was already making every effort in its programmes to foster awareness of education's function of producing a democratic culture. The consolidation of democracy was seen as the main objective because it was the best safeguard of participation and sharing. Democracy was an attitude shaped by education which gave each person freedom of choice and action.

30. A last important aspect of the topic under discussion was East-West relations and their consequences for development. A simplistic vision must be avoided. The crisis in development financing dated from long before the new East-West situation and demanded study and action on its own account. The difficulties of the transition in the countries of Eastern Europe and in the Soviet Union had thrown light on the central role of the institutional, cultural and human aspects of development. UNESCO stood ready to help in the study of that transition and to transfer that knowledge to those who would use it to bring about social change.

31. There were grounds for welcoming the renewed interest which new East-West relations had aroused in environmental protection and, through it, deeper analysis of the conditions for and constraints on sustainable development. It was a fortunate chance that the environment, which had no frontiers, had led the developed countries to confront again the crucial question of the common future of mankind and, in particular, its close ties to the struggle against poverty, the future of culture, and the defence of human rights and democracy. The whole problem of the environment to some extent recreated the question of an international ethic.

32. International cooperation might run the risk of conflict between the transition in the East and development in the South, protection of the environment and the fight against poverty and the level of aspirations aroused by the restoration of democracy and the limitations on resources. It could also benefit, however, from the potential freeing of resources—the "peace dividend"—produced by *détente*, particularly in Europe, social innovation through participation in development, and the immense source of creativity that lay hidden in unused human resources. It must shun illusory solutions, simplistic explanations and hasty courses of action. The complex problems required complex solutions but the international community had the means and the knowledge to take up that challenge.

33. Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that a successful transition by the countries of Eastern Europe to greater freedom, democracy and a market economy was of major importance to the world. Success in meeting that challenge would improve the lives of millions and enable those countries to play their full part as active and constructive members of the community of nations. IMF was deeply

engaged in helping them through that difficult stage of their historical development. The early results of their reform programmes were encouraging, especially in terms of lower inflation, the liberalization of domestic prices, without which a market economy could not exist, and their external imbalances. All were energetically engaged in implementing those programmes but the further they went the more they realized, and the world realized with them, that the road would be long and difficult. The reforms would have the best chance of succeeding if they could count on a supportive international economic environment, meaning an international financial system responsive to their needs, both in terms of debt relief and of new investment in their productive sectors, and a more open trading system which would enable them to develop their exports. He stressed that the great financial effort being made on their behalf would be pointless, as it would be in the case of the developing countries in general, if there were not enough outlets for their products on open markets. A successful outcome to the Uruguay Round of multilateral trade negotiations was therefore vitally important.

34. IMF was doing its utmost, through technical assistance, advice and financial assistance, to help the five member countries of the region—Bulgaria, Czechoslovakia, Hungary, Poland and Romania. It would disburse some $5 billion to them in 1991, and would act as a catalyst in securing a further $25 billion in total public and private flows to those countries in 1991 alone. The important question that had been posed to the Special High-level Meeting was whether other developing countries would see their access to external financial assistance reduced through the substantial assistance extended to Eastern Europe. In a world where resources were limited, was there not a risk that too much was being done for Eastern Europe? A preliminary question was whether, in fact, enough was being done. He believed so, provided everything that had been promised was in fact put into place and on condition that the effort was maintained for a number of years.

35. The question before the Special High-level Meeting could only be answered after two equally complex problems had been analysed. The first was the risk of an *ex ante* imbalance between the world supply of savings and the already recognized priority needs for investment in many parts of the world. The capital needs of Eastern Europe, despite their importance, were only one aspect of the growing demand for savings at the world level. Some observers, therefore, might see an obvious risk that, in the next few years, the supply of savings in the industrialized and developing countries together, needed to help reconstruct the countries harmed by the Gulf conflict, to foster more vigorous growth in the poorest countries, to sustain the cooperative debt strategy, to facilitate the transition of the East European countries to a market economy and—of vital importance for all the rest—to help to revive activity in the industrialized countries themselves, would be insufficient. The savings available would simply not be enough to cope with all the needs. Such an *ex ante* imbalance would mean that, without vigorous action to correct it, the world would witness a rise in real interest rates that would settle the problem in the worst possible way by discouraging vital investment, raising debt service payments for developing countries and lowering economic growth at a time when sustained advances were more necessary than ever.

36. The scenario was logical but unacceptable. It could be avoided, although not without effort. Both industrialized and developing countries would have to take vigorous steps to that end. The industrialized countries, which were not usually the object of adjustment measures, would have to raise their own national savings, currently in decline, in particular by improving their own fiscal performance and reducing public spending. The response was always that such reductions were impossible—so much had been done already to reduce public spending that it was impossible to do more. That was far from being the case. There was no difficulty in seeing where unproductive expenditure could be reduced—spending for purposes of prestige, military expenditure beyond the level strictly necessary for defence or subsidies for protectionist purposes. Those countries should start with the spending that had the most negative external effects and imposed the heaviest burden on the international community. Clearly, they should begin with military spending and expenditure that hampered world trade. The relaxation of East-West tensions and the settlement of a number of regional conflicts should make it possible to reduce gradually military expenditure. In the same spirit, reductions should be envisaged in expenditure related to protectionism: that would not only be desirable in itself but would help to make the industrial countries' economies more efficient by freeing resources for other priority objectives such as investment in their own productive sectors or much needed increased aid to the developing countries. In both cases, the changes would need to be gradual but, even so, they would help considerably to restore the balance.

37. Much also had to be done, and was being done, in the developing countries themselves in the same direction. Most of them understood that a national effort on their part was vital if their chance of receiving appropriate external support was to be preserved. Recent evidence in a small but growing number of countries had shown that it was possible to re-establish a good credit rating and attract capital inflows, including the return of flight capital. They had shown the way and many others would probably follow. Thus, a restoration of the balance between savings and investment, at the level of the new need that was making itself felt, was possible with the efforts he had described.

38. Assuming, then, that, through efforts of that kind on all sides, the world could be assured, without a rise in real interest rates, of a balance between savings and investment, the question remained whether the existing financial system would be capable of channelling an appropriate volume of resources to each group of countries, and in particular the poorest. Was there not a risk that certain countries might be forgotten? It was there that the

international financial institutions had a special responsibility.

39. What could IMF do? To begin with, it would strive even harder to fulfil its traditional mandate of assisting countries to install credible economic policies and providing financial assistance. As far as the distribution of financing was concerned, he would repeat the undertaking he had given in 1990 that IMF would never divert any of its resources from the developing countries of the South to those of the East. There would be no question of robbing Peter to pay Paul. The IMF would take every care to see that aid to the East did not penalize countries in other parts of the world. It was currently supporting the adjustment programmes of five Eastern European countries, but at the same time it was supporting the growth-oriented adjustment programmes of 45 other member countries and many more were negotiating such arrangements or benefiting from other forms of support. Nearly half of its 155 member States were benefiting in one way or another from its assistance or preparing to do so. IMF would have to seek the resources to continue its work from its member States. He believed that, in the next two years, it would have enough resources to respond to the expected needs of all its members, provided that the 50 per cent increase in quotas already approved was ratified in the near future. If so, IMF would be able to maintain a sound financial position and to do all it was called upon to do at least until 1993. It would be able to support countries in difficulties which presented credible economic programmes and would be in a position to continue to act as a catalyst in facilitating support from other sources of official assistance.

40. It should not be forgotten, however, that a large part of the solution lay in the hands of the countries themselves. It was essential for them to show the vision and political courage to undertake the type of economic reforms necessary to establish the basis for sustained progress. The effort involved would be enormous but the progress of democracy would increase the chances of success, provided it was accompanied by increased participation by workers and entrepreneurs in the decisions that affected them. IMF attached great importance to the work being done by UNESCO in that connection.

41. Dr. NAKAJIMA (Director-General, World Health Organization) said that despite the magnitude of the political and economic changes in Central and Eastern Europe over the past 18 months it was undesirable to consider them outside the global context. The effects of the changes went far beyond national or regional boundaries and the issues faced were similar to those faced by countries in other parts of the world. In the modern world there was no option but to recognize and respond to the interdependence of countries and regions. That holistic perspective was also vital in approaching resource mobilization. He had consistently cautioned against diverting funds from developing countries to finance reform and restructuring in Central and Eastern Europe and with that in mind had convened an informal consultation with representatives of Central and Eastern European countries and the international donor community and had established a global task force on health development that would operate during the critical period of adjustment in the Central and Eastern European countries.

42. The current situation in Central and Eastern Europe was tantamount to an emergency and it was imperative that countries should be helped for a limited period in effecting the necessary reforms and restructuring. They were, in the short term, experiencing dislocations, many of which had been previously unknown. Some products, such as locally produced drugs, were no longer available and with declining living standards and rising unemployment, health status, already poor in many cases, could be expected to deteriorate in some population groups. Infant mortality rates were two to three times higher than in most Western European countries. The effects were also being felt in developing countries that had relied on imports of essential goods, particularly medical supplies, from Central and Eastern Europe. Services were also affected. In the past, many doctors, agricultural and sanitary engineers, business consultants and labourers from Central and Eastern Europe had worked in the developing countries, often as part of aid packages from their Governments, and many students from the developing countries had pursued specialized studies there.

43. While helping the countries of Central and Eastern Europe, WHO had not lost sight of the plight of developing countries. Its health promotion programme for the development of the least developed countries aimed to ensure that 42 countries continued to receive the financial and technical support they so desperately needed. WHO's strategy focused on countries rather than programmes, and specifically aimed to promote efficient management of national programmes of primary health care. Short-term action was concentrating on the control of a range of infectious diseases, in particular AIDS, helping countries over shortages of equipment or essential drugs, and providing technical expertise where urgently required. Longer-term efforts were concentrating on the refinement of plans of action, defining a policy framework for international cooperation, and strengthening national coordination. With the worldwide move towards allowing the market to have more scope in regulating the economy, countries were trying to find an appropriate balance of social and economic activities for which the private sector would be responsible. That called for dialogue between political leaders and the private sector in order to define innovative development strategies. The issues facing the countries of Central and Eastern Europe were similar to those facing the developing countries, and the type of collaboration between Governments and development cooperation agencies would need to be more structured and organized. As far as health development was concerned, the principal questions were: what degree of responsibility the State should assume in formulating overall policies for health systems development; what was the optimum share of the private and public sectors in health-care provision; how should public health and the preventive and curative

medical systems be integrated; how should the health-care system be financed; and to what extent did health problems extend beyond national boundaries and become global problems.

44. Another crucial issue was the environment. At present, the least developed countries were bearing the brunt of environmental degradation, and the opening up of the East European countries had shed full light on the consequences of years of unchecked industrialization. Both the developing countries and those of Central and Eastern Europe must continue to receive support in their quest for political, economic and social self-reliance. That called for the maintenance and improvement of aid and trade flows, reduction of debt burdens and support for new solutions linking economic growth to improvements in health and well-being.

45. Mr. SÄVE-SÖDERBERGH (Sweden) said the momentous events in Central and Eastern Europe had shown that national political systems that did not build on the democratic aspirations of the people were bound ultimately to fail. A tide of demand for human rights and democracy had broken through decades of rigid oppression and stagnation. Those events should be welcomed first of all for what they meant to the people of the countries concerned. The restoration of fundamental freedoms had given their citizens new possibilities to tackle many burning economic, environmental, cultural and other issues, but the accompanying difficulties must not be underestimated. They had also given a strong impulse to democratic developments elsewhere in the world. Recognition of the potential of the people as the only basis for sustainable social and economic progress had prompted reforms in many countries. Now that the cold war had ceased to block democratic development, the work of international institutions in monitoring and promoting respect for human rights could be strengthened.

46. The cold war had consumed enormous resources which could have been put to better use. In the South as well as in the North there was scope for significant reductions in military expenditure. In the new situation more emphasis should be placed upon growing global interdependence, which had political and social implications as well as the more obvious economic and environmental links. There was, however, still a long way to go before those developments were transformed into a new order of global responsibility and cooperation.

47. A major risk was that the expectations of the peoples of Eastern Europe would be frustrated by difficulties in both the economic and the political transition, and serious social tensions might arise, exacerbated in a number of the countries by tensions between different ethnic groups. The situation in the Soviet Union was particularly crucial. It faced great challenges in building a democratic system, transforming the economy, and finding solutions to the claims to sovereignty and self-determination of a number of its constituent republics and nationalities. In that historic process of change, the East would need the cooperation and support of the West, which should be ready to extend it, where required conditions were met.

48. Some concern had been expressed in the South over the risk that economic resources would be diverted to Eastern Europe. It was certainly necessary to guard against such a diversion, but it was more important to focus on the very real opportunities for increased international economic relations, in particular between the South and the East. The need for increased development finance was obvious and could only grow in importance during the 1990s. It was unsatisfactory that the level of development assistance had stagnated in real terms during the 1980s, and that more countries had not been able to live up to the ODA target of 0.7 per cent of GNP.

49. As shown by the Gulf War, the 1990s could also become a decade of dangerous instability. It was imperative for political leaders to get together and agree to establish a strong system of global governance, and to create a new international system of security. Some 30 political leaders from around the world had gathered in Stockholm to discuss those matters and had launched the Stockholm Initiative on Global Security and Governance on 22 April 1991. It contained concrete proposals on implementing the international security regime envisaged in the Charter of the United Nations, securing a "peace dividend", promoting sustainable development and eradicating extreme poverty, making a breakthrough for new policies on the environment and population and stronger monitoring of how countries lived up to their commitments to international conventions and declarations.

50. The Stockholm Initiative included a call for more effective international institutions, in particular a strengthened United Nations, and proposed a world summit on global governance with an agenda similar to that of the preparatory meetings of the United Nations at San Francisco and Bretton Woods. The summit might be prepared by an independent international commission on global governance.

51. The role of the United Nations was obviously of the utmost importance, and its member States had a duty to see that it functioned as efficiently as possible. In that context the Nordic countries had launched the Nordic United Nations Project, which was particularly concerned with strengthening the United Nations in its operational role, strengthening the specialized agencies, particularly in their role as "centres of excellence", and strengthening UNDP by making it a more fully-fledged development programme. The Nordic countries also believed that leadership functions in the United Nations and funding mechanisms should be reviewed. They asked members of the Council to study their proposals, and would welcome the proposals of other countries. The United Nations response in emergency situations was a matter of particular concern, and he hoped that the Council's forthcoming discussion of that topic would provide the basis for the necessary clear guidelines.

52. Mr. VIVIEN (France), commenting on the world-wide movement towards democracy, said that develop-

ment was impossible without real democracy and the participation of all sectors of the population, as the General Assembly had recognized at its eighteenth special session. But citizens could not assume responsibility if they were left in ignorance, and, conversely awareness of real problems often came from the citizens.

53. Strengthened democracy should be reflected in greater transparency and confidence between all States with a view to enhanced collective security. The EC showed that it was possible to advance towards understanding and cooperation in spite of all difficulties.

54. In a period of transition like the present, it was understandable in view of the magnitude of their continuing needs that the countries of the South should be concerned about the possible impact on them of the changes. While it was too early to draw definitive conclusions about economic impact of the changes in East-West relations upon the developing countries, it seemed certain that the progressive integration of the Eastern European economies in the world trading system would be reflected initially in intensified competition as the countries of Central and Eastern Europe became more competitive and obtained easier access to industrialized country markets.

55. On the other hand, consumption should increase, particularly of some tropical products, and it was essential that the developing countries should be able to meet the demand. The least developed countries, in particular, would need assistance to enter new markets. Access to markets in the countries of Central and Eastern Europe should improve with the replacement of centrally administered controls by a more open system.

56. Private investment might also be affected, with intensified competition between potential host countries. There had also been talk of the possible diversion of ODA to the East. As far as France and its OECD partners were concerned, financial flows to the East were not development assistance. They were additional to ODA, which, in the case of France, had been close to 0.55 per cent of GNP in 1990 and was moving towards the 0.7 per cent target. At the Second United Nations Conference on the Least Developed Countries, the President of the Republic had undertaken to raise France's contribution from the recommended 0.15 per cent of GNP, to 0.2 per cent.

57. The maintenance of a high level of ODA called for an effort by the developing countries, which must ensure that aid effectively served development objectives. The industrialized countries must understand that it was in their interest not to allow countries to become completely marginalized in the world economy and vulnerable to destabilization. They must accept the idea of a significant increase in ODA over the coming years. The World Bank considered that an increase of at least 4 per cent was needed to promote resumed development in sub-Saharan Africa. The industrialized countries should be careful in their definition of aid and should give priority to the poorest countries, particularly the least developed. The countries of Central and Eastern Europe, which had conducted major programmes in many developing countries and were still significant creditors, should also make an effort. The programmes no doubt needed to be reassessed but they should not, he believed, be abandoned. The new type of relationship being built up between the Latin American and Eastern European countries, following the example set by the countries of the EC and the Rio Group, was an encouraging development.

58. Welcoming the recent improvement of the terms available to the poorest countries adopted at the Economic Summit of the seven major industrialized countries held in Toronto in June 1988, he noted that progress had also been made in the case of other countries, notably through the exceptional rescheduling of Egypt's and Poland's debt. That should not distract attention from the situation of heavily indebted middle- and low-income countries.

59. The new developments in East-West relations gave the international community a chance to take up the solidarity challenge. It called for the determination the United Nations had shown in restoring international legality. The appeal of the Charter of Paris for a New Europe[5] which invited all States to protect and foster the community of fundamental human values would surely be heard in Geneva, the centre of the defence of human rights and of humanitarian action.

60. Mr. TOMIC (Chile) said that the end of ideological confrontation and the cold war provided a fresh opportunity for the world community to progress towards a more united, prosperous and stable world, which only genuine solidarity between developed and developing countries alike could bring about. But the current transformations in Eastern Europe would be counter-productive if the highly developed countries, whose enormous resources were detailed in the *World Economic Survey, 1991* (E/1991/75), concentrated on Eastern Europe at the expense of the third world, including Latin America. In 1948, when OAS had been founded, General Marshall, the chief architect of the Marshall Plan which, *inter alia*, would provide Western Europe with $17 billion in addition to $35 billion in "soft loans", had said that, despite problems of the same magnitude faced by Latin America, the latter's request for a "mini-Marshall Plan" must be denied until Western Europe had been reconstructed. Although that reconstruction had been completed within 10 years, no plan for Latin America had ever been implemented; the "Alliance for Progress" envisaged by President Kennedy in the 1960s had swiftly lost impetus and direction. Some 40 years later, history seemed likely to repeat itself.

61. A renewed drive towards democracy was evident in Latin America in the final decade of the twentieth century. Never before had so many Governments been elected by the freely-expressed will of the people. As the President of Chile had said when addressing the European Parliament in May 1991, the Latin American coun-

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[5] A/45/859, annex.

tries were embarking on a programme to meet the challenges of the next century, with the aim of developing the Latin American nations in freedom, justice and peace. Success of the programme required the region's integration into the world economic mainstream.

62. The need by Central and Eastern European countries of assistance in transforming their political, economic and social structures must not detract from the need for solidarity. The needs of the third world and Latin America should not be set aside. According to the *World Development Report 1990* of the World Bank, the per capita income of the six Central and Eastern European countries which had abandoned communism was almost twice that of the countries of Latin America and the Caribbean, and seven times that of the African and Asian countries with the exception of Japan and four or five other Asian countries. What was more, again according to the World Bank, the Central and Eastern European countries had a population of 130 million—roughly a quarter of that of Latin America and only 5 per cent of the third world—and the Soviet Union had 287 million inhabitants. Thus the total population of the six former communist countries, including the Soviet Union, equalled that of Latin America and the Caribbean.

63. But it was not his intention to sound a note of pessimism. There was currently an opportunity, as never before, to promote the concept of the "duty of solidarity". With regard to Latin America there were several possible initiatives, including a realistic in-depth analysis of the "Enterprise for the Americas Initiative", and a reduction of external debt and the debt service costs which were undermining the democratic process as well as economic and social progress. There was also the possibility of promoting large-scale migration of unemployed Europeans, currently sustained by welfare benefits at high cost, which could prove as fruitful as the migrations of the nineteenth century.

64. As Pope Paul VI had said when addressing the General Assembly, development was another name for peace.

65. Mr. LUBBE (Observer for Poland) said that the end of the cold war, the disintegration of the East as a separate political and economic bloc, and perestroika in the Soviet Union, had profoundly changed the former political and economic division between East and West which had affected the world economy, including the developing countries, for over 40 years. As the Declaration of the Algiers Colloquium (E/1991/78, annex) stated, the impact could not yet be assessed. But the role played by the former Eastern Europe in international exchanges had in fact been marginal. In particular, the level of East-South trade had been very modest. Although the countries of Central and Eastern Europe might return to their former traditional major trading partners, currently in the EC, the impact on developing country exports should be positive in the long run, since the essence of the current transition involved fostering competition and the abandonment of import planning. Indeed, Polish imports from developing countries were steadily rising despite a deep recession, although suppliers were usually intermediaries in Western Europe. The long-term effect for the developing countries would depend first of all on the consequences of the integration of the Central and Eastern European countries with the EC.

66. Item 14 of the Algiers Declaration recommended special attention to facilitating the exchange of experience between East and South. The transformation of the East would essentially influence the evaluation of that region's former development pattern of many developing countries, which had failed to produce the expected effects, due to neglect of the market mechanism, quasi-autarky, a large, ineffective public sector and direct State intervention. The former socialist countries were departing from that model, but the transition would be painful and lengthy.

67. In Poland, the rebuilding of democracy and transition to a market economy were hampered by the inherited economic crisis, exacerbated by turmoil in Poland's vital markets, especially the Soviet Union and eastern Germany, as well as the effects of the Gulf conflict. Temporary external support was indispensable for the profound transformation and structural adjustment required. Poland was grateful for the backing of the Group of 24 international financial institutions and UNDP, and was convinced that, following economic recovery, Poland and other countries of the region would be able gradually to expand trade, aid and investment ties with the developing countries.

68. The world economy, increasingly interdependent as it was, seemed to be at a crossroads, but the choice of direction had apparently been made. The East-West-South basis was eroding because the "East" had virtually disappeared as an economic and political entity. He hoped that in future appraisals of the world economy, the Council would consider the impact of intra-European relations and not East-West relations.

Mr. Radomiro Tomic (Chile), Vice-Chairman, took the Chair.

69. Mr. MOULTRIE (Bahamas) said that the profound changes taking place in Europe, and the progress towards democracy elsewhere, gave hope for increasing opportunities to fulfil economic and political aspirations. Achievements in the political sphere had in some cases been accompanied by economic progress, particularly in growing recognition of the need for continuing adjustment in national economies. To that end, the Eastern European countries were to be supported in their efforts towards integration in the world economy. They would surely be major players in initiating imaginative and practical measures to strengthen international economic cooperation for global development.

70. In an increasingly interdependent world, it was the responsibility of developed and developing countries alike to strive, in an atmosphere of mutual trust and cooperation, to free humanity from deprivation. Exchanges of information should be promoted, in which producers in the East, developing and developed countries could engage with a view to avoiding massive disequilibrium

in the international market. Although the developing countries were generally optimistic, they needed assurance that the East's moves towards a market economy and democracy would not lessen the need for trade with developing countries. It was a major concern that financial assistance earmarked by the West could interfere with development assistance allotted to developing countries by official multilateral institutions and that scarce capital should shift from South to East. Foreign investment and foreign trade were inextricably linked. While the developing countries hoped those fears would not materialize, it would be foolhardy to ignore their existence.

71. An essential element in meeting the needs of the economies in transition and of the developing countries was the commitment of the international financial institutions to increase their capital bases. It was hoped that such increases could take effect without reducing assistance to the developing countries.

72. The changes in production and consumption patterns, and consequently in trade patterns, stemming from global technological advances would benefit mankind in the long run. The developing countries, in order to compete in the new global environment, needed technological improvements, which must be transferred from the developed countries. The latter, therefore, must clearly show that the developing countries would not be neglected or marginalized. The Eastern countries would probably be able to capitalize on relatively cheap, well-trained labour, thereby generating strong competition with the developing countries. They had already been granted GSP treatment in certain European markets, and were seeking fuller integration into the single European market. It was important to monitor the changes carefully, to ensure that no discriminatory practices inadvertently arose. The Group of 77 had recently voiced concern in that regard.

73. The United Nations system had proved flexible and resilient, permitting expansion and growth in response to changing world conditions. The International Development Strategy for the Fourth United Nations Development Decade contained elements which would address issues of concern to developed and developing countries alike. New types of international economic cooperation, including "tripartite" projects to bring together participants from East, West and South, were also envisaged.

74. The commendable concerted efforts by major economic Powers, made within the United Nations system, to achieve consistent policies and thereby strengthen international economic cooperation were reflected in General Assembly resolution 45/264 of 13 May 1991, on the restructuring and revitalization of the United Nations in the economic, social and related fields. Although the effects of the cold war on hemispheric relations were only just beginning to be resolved, some impressive changes had already taken place. Removal of the threat to security had placed other issues, such as economic development, narcotics, migration and the environment, at the top of the international agenda, a welcome new approach which was mankind's best hope. The Bahamas acknowledged its role in the new global, economic and political environment and fully intended to make its contribution.

The meeting rose at 1.10 p.m.

4th meeting

Friday, 5 July 1991, at 3.25 p.m.

Chairman: Mr. Lakhdar BRAHIMI (Algeria)

E/1991/SHLM/SR.4

AGENDA ITEM 2

Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation (*concluded*)

In the absence of the Chairman, Mr. Radomiro Tomic (Chile), Vice-Chairman, took the Chair.

1. Mr. TRAXLER (Italy) said that following recent events, emphasis was now being placed not on confrontation, but on interdependence, and the United Nations system was called upon to review the structure of international cooperation in order to respond appropriately to a situation where international challenges were taking on a worldwide character. The discussions at the Special High-level Meeting showed that the current situation was marked not only by the developments in Central and Eastern Europe, but also by an increasing awareness among all countries of the prime importance of human development in the development process. Thus there was a need for new structural and operational arrangements with a view to the more equitable distribution of resources and participatory development. The effects of that new outlook were being felt throughout the world. East and West

had resumed positive dialogue and productive cooperation, and were gradually moving towards more beneficial uses of resources which had until then been devoted to instruments of confrontation. There was no doubt that the means would be found to bring about similar changes in other regions of the world beset by problems, where it was to be hoped that collective security and stability could be established through cooperation arrangements, confidence-building and efforts to find common objectives.

2. His Government wished to reaffirm that its commitment to the process of transition and integration into the world economy taking place in Central and Eastern Europe would not jeopardize its support for the developing countries. Cooperation with those countries remained an absolute priority for Italy. It had, for example, taken important measures to alleviate the debt of the sub-Saharan African countries and was ready to play an active part in specific initiatives with international backing aimed at managing, reducing or even solving the problem of indebtedness. The resources it devoted to cooperation with the Central and Eastern European countries would be in addition to those allocated to the developing countries. The report of CDP mentioned Italy's proposal to raise the amount of overall aid from EC donor countries to 1 per cent of their GNP by 1993 (see E/1991/32, para. 91), but failed to point out that half of the "new" aid would be allocated to developing countries, with only 25 per cent going to Central and Eastern European countries and the remaining 25 per cent going to Mediterranean countries. In any case, the proposal would represent a clear increase in resources devoted by the Twelve to development assistance.

3. With regard to private commercial capital flows and direct foreign investment, which by their nature responded to market incentives, it was up to the various countries to continue and strengthen their adjustment and reform policies in order to attract such flows. Likewise, as the Administrator of UNDP had rightly observed at the 1st meeting, economic and technical assistance by United Nations agencies could do no more than help to create favourable conditions for investment and could not, in itself, spark off development. That task was incumbent on the Governments concerned.

4. Moreover, as had been stressed by the Managing Director of IMF at the 3rd meeting, the increased demand for funds arising from the reform of the economies of Central and Eastern Europe, the urgent needs of the developing countries and the need to repair the damage caused by the Gulf war demanded an increase in global savings.

5. Italy attached great importance to trade liberalization, an essential element of sustained, non-inflationary economic growth at the world level. Regardless of the role assigned to development assistance, the expansion of trade was the real key to success for the countries beset by economic problems, whether developing countries or the countries of Central and Eastern Europe in transition. As many speakers had pointed out, the expansion of world trade, promoted by the opening-up of the latter countries, should provide fresh opportunities for developing countries' exports.

6. He wished to stress the need for an "ecumenical" approach to the current problems. The volume of available resources was such that they must be used to maximum advantage. The United Nations had, of course, an important role to play in reviewing priorities, distributing resources and sharing responsibilities. The Special High-level Meeting's deliberations had enabled attention to be focused on some essential elements. It was to be hoped that the Council would study specific problems on which it might be possible to arrive at a consensus on overall guidelines for Governments and precise directives for agencies. Such a consensus would make Governments responsible for following up their commitments, and would invest Council resolutions with a weight and relevance they had hitherto lacked.

7. Mr. HANSENNE (Director-General, International Labour Office) said that the topic of the current debate had been central to the work of his organization's recent annual Conference. As far as ILO was concerned, the question was whether the changes that had taken place meant that it should undertake activities which it had not organized prior to the modification of East-West relations, and whether such new activities might have an adverse effect on the countries of the South.

8. First, there was no doubt that the change in those relations had made a considerable impact, and a very positive one, on ILO's work. In many cases, East-West tensions had been a burden on its activity. As a result of the *détente*, the countries of Central and Eastern Europe were now seeking its assistance in various spheres, whether in organizing the social changes essential for effective transition to a market economy, establishing free employers' and trade union organizations, setting up machinery for proper collective bargaining or tackling the employment problems stemming from economic restructuring. ILO had thus become involved in developing a wide range of technical cooperation activities with all those countries.

9. Secondly, many countries in other continents were undergoing similar transformations and likewise wanted assistance in their restructuring process, a fact which denoted a considerable convergence of views and concerns. The task of ILO was to identify, with its member States, the means of assisting them to ensure an adequate transition to a market economy, taking particular account of the latter's social dimensions. It would thus have to reappraise its priorities and methods.

10. Thirdly, it was increasingly difficult to envisage any development policy that did not take into account the requirements of economic rigour, social justice and respect for human rights, including workers' rights. That prospect should prompt reflection, within the United Nations system as a whole, on the methods to be used in the future. The changes that had occurred meant that there was room for much more intensive efforts at coop-

eration, based not on mere administrative coordination, but on a joint development philosophy.

11. The change in East-West relations in no way undermined ILO's traditional relations with the countries of the South but, on the contrary, provided an opportunity to reshape its methods and priorities in such a way that all could be better served in accordance with their needs.

12. Mr. SINGH SUDHU (Secretary-General, International Civil Aviation Organization) said that his organization was no mere onlooker at the historic political changes in Europe, which had been accompanied by difficult economic restructuring processes and an acceleration of the various regional integration efforts, but was ready to respond to the new challenges involved in the development and coordination of the air transport sector in Europe. Even though the aeronautical infrastructure of the Eastern European countries met current air traffic demand satisfactorily, it needed to be upgraded, in view of the interface requirements with the counterpart infrastructures in the West and the growth of air transport in the European region as a whole. Recent discussions with representatives of those countries had highlighted existing problems, ranging from established management structures and procedures and training methods to planning and implementation concepts in the organization of airspace or airport and support services. In the context of the overall economic development of the East European countries, it was important to obtain adequate information on civil aviation development needs—which obviously differed from State to State—and to maintain liaison with various agencies with a view to possible financing.

13. Accordingly, ICAO was to send a team of experts to assess the situation within its sphere of competence in order to evaluate development needs in several of the countries concerned and identify technical cooperation and equipment projects. It was understood that all funding for the overall work programme would have to come from additional funding sources and would not detract from ICAO's current and future technical cooperation activities in the developing countries. Over the past 12 years, the organization had already devoted some $600 million to such activities and had assisted practically every developing country. It was determined to ensure that the international community continued to give priority to those countries' urgent needs.

14. In the context of the International Development Strategy for the Fourth United Nations Development Decade,[1] stress had been laid on the need to give appropriate attention to the transport and communications sector. Air transport contributed vitally to economic and social development by facilitating the rapid and efficient transport of passengers, freight and mail within and across national boundaries, thus promoting international relations and fostering tourism, communications and trade. Its attributes were speed, range and adaptability. Because of its relatively low initial capital outlay and flexibility in relation to other means of transport, it could play a decisive role in the development of regions where climatological and topographical difficulties hindered the expansion of surface transport.

15. A rational approach to the development of air services called for sound planning to ensure that financial resources were mobilized and deployed efficiently. It was therefore important that, in preparing the new International Development Strategy, the benefits of civil aviation to countries' socio-economic development were properly appreciated. In that regard, ICAO was prepared to cooperate fully in the review of specific items and sectoral goals to be included in the new Strategy with regard to transport and communications.

16. Mr. HINTEREGGER (Executive Secretary, Economic Commission for Europe) said that the transition process in the countries of Central and Eastern Europe, which was being supported by the Western countries, was also enhanced by certain key developments within the region, such as the negotiations between the EC and EFTA aimed at the creation of a European economic area, the negotiation of association agreements between the EC and the Czech and Slovak Federal Republic, Hungary and Poland and work to conclude free trade agreements between EFTA and those three countries. Although some Balkan countries and the Soviet Union, which were less advanced on the road to a market economy, were not for the time being involved in those negotiations, it was very likely that the arguments in favour of assisting them unstintingly would prevail, especially since history had shown, and continued to show, the tragic consequences for Europe, and beyond, which could arise from the destabilization of those countries if they felt isolated from the rest of the continent.

17. Another important aspect was the interest shown by the former socialist countries in participating in the work of international economic organizations such as the Bretton Woods institutions and GATT. It was evident that such a move would not only facilitate their integration into the world economy, but would also oblige them to accept the strict rules of financial discipline and international competition. It would seem desirable to include the Soviet Union too in that process as soon as possible.

18. The impact of the changes in East-West relations on the world economic situation and economic cooperation was being felt in various ways. First of all, the developing countries were afraid that some of ODA previously earmarked for them might be diverted towards the Eastern European countries in transition, although there was nothing in the figures available so far to support that view. On the other hand, since trade was one of the major factors of economic growth, at the regional and world levels alike, the concern of some countries about the consequences of integrating the countries in transition into the world economy was understandable. However, the stabilization and restructuring programmes which the countries of Central and Eastern Europe had adopted, and the collapse of the trade and payments system of the

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[1] General Assembly resolution 45/199, annex.

former CMEA had greatly weakened those countries' trade with the rest of the world, and among themselves especially, and their efforts to penetrate new markets had had limited success. Moreover, the quasi-autarky of the former centrally-planned-economy countries meant that their transition to a market economy had made a minimum impact on world trade in general and on that of the developing countries in particular, except for the few countries whose share of trade with them had been relatively high. In the long term, the countries of Eastern Europe would certainly play a great part in world trade, but until then—and one should not overlook the fact that the transition process was proving to be much more complex and lengthy than many analysts had at first thought—the countries of other regions would have had ample time to establish mutually acceptable trade relations with them. Moreover, the integration of those new market economies should have a positive effect on world trade, including that of the developing countries. For that reason, ECE and ECLAC had recently organized, with UNDP support, a meeting of Latin American and East European policy makers, which had resulted in a number of specific recommendations. It should also be borne in mind that easier access to markets was an important prerequisite for the development of trade; to that end, a successful outcome to the Uruguay Round of multilateral trade negotiations was essential.

19. Generally speaking, the problems faced by the countries of Central and Eastern Europe and the countries of the third world were surprisingly similar and complementary, as were the grounds for both groups' economic and social policies. A dialogue between the policy makers of Central and Eastern European countries and those of other regions would thus contribute not only to a better understanding of the common problems to be overcome, but also to solutions to those problems.

20. As long as the debt problem remained unresolved and investors lacked more precise details about the policies and legislative measures adopted and results achieved, the developing countries and those in transition would find it hard to secure fresh funding. Likewise, private investment, which remained at a low level, would increase only if investors had confidence; and there could be little doubt that, in that sphere, there would be competition between the developing countries and the countries in transition. Although Governments had scarcely any influence on private investors' decisions, they could nevertheless adopt broad-scale measures, such as tax incentives, to attract investment. Small- and medium-sized enterprises should be given particular attention in that regard; figures available clearly showed that in the market-economy countries they played an important role in job creation and innovative activities.

21. The remarkable improvement in East-West relations had made it feasible, for the first time, to adopt real disarmament measures and solve protracted regional conflicts. It was widely maintained that the savings made possible by the reduction of military expenditure should be used for financing global economic and social development programmes. Although experience showed that demobilizing armed forces, destroying military equipment, cleaning up the environment and transforming armaments industries were complex and costly tasks, the process nevertheless warranted strong support. In the longer term, the "peace dividend" should become a significant new source of development funding.

22. The profound changes in East-West relations had thus ushered in a new era of cooperation and growing interdependence among regions. As the countries of the "second world", namely, Central and Eastern Europe, converged with those of the "first world", the question arose whether the notion of a "third world" was likewise losing its meaning. The new era, and the opportunities it offered, should be used to foster the establishment of a single world of growing interdependence and complementarity. The United Nations should take up the challenge and thus demonstrate its effectiveness as a forum for worldwide cooperation and dialogue in the economic and social field.

23. Mr. NANDOE (Observer for Suriname) said that the changes in the situation of the countries of Eastern Europe were for some a sign of hope, because of the new prospects they offered for international cooperation, and for others a source of anxiety. It now appeared that the transition of those countries to a market economy was likely to be an extremely laborious and complex process, which could not be successfully completed without international aid. There was thus a great danger that support for the countries of Eastern Europe might be to the detriment of cooperation with the developing countries. The latter were in a particularly difficult situation: the GNP growth rate in the developing world as a whole had never risen above 1 per cent between 1980 and 1988, whereas it had been 6 to 7 per cent between 1970 and 1980. In Latin America and the Caribbean, per capita GNP had decreased by 6 per cent over the past 10 years. At the same time, international aid had stagnated, and the outlook, particularly where multilateral assistance was concerned, was hardly encouraging. The volume of ODA remained low, averaging only one half of its agreed objective. Capital flows from the private sector—especially towards the poorest countries—had also stagnated. In addition, population growth over the next 10 years would represent a considerable handicap for the economies of the developing countries, which were already suffering from the after-effects of their restructuring efforts.

24. In such a situation, strengthening international cooperation was essential. Much more must be done to translate the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries[2] into action and to achieve the objectives defined in the International Development Strategy for the Fourth United Nations Development Decade. In that connection, his delegation believed that priority must be given to all aspects relating to human development and the al-

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[2] General Assembly resolution S-18/3, annex.

leviation of poverty. In particular, as stated in the report of the South Commission (A/45/810 and Corr.1), efforts must be made to make primary health care and elementary education universal by the year 2000.

25. Clearly, those various objectives could not be achieved as long as resource flows to the developing countries remained inadequate. His delegation was therefore making a strong appeal to those donors capable of so doing to increase the amount of their ODA, or at least to maintain it at the current level, on the understanding that financial flows directed to Eastern Europe should not be at the expense of ODA intended for the developing countries. The report of the South Commission could serve as a basis for discussion with a view to seeking solutions to the new problems posed by cooperation for development; as had been pointed out by the Chairman of the Group of 77, the report should be studied in detail, with a view to the eventual convening of a global summit to discuss the six-point programme for immediate action contained in it.

26. Mr. GUNA-KASEM (Thailand) said that the ending of the cold war had raised hopes of the emergence of a rejuvenated world economic system, just as the restructuring of Eastern Europe had been expected to open up new trade and investment opportunities. However, the road to increased prosperity had proved an arduous, if not tortuous one. The economic restructuring of the countries of Eastern Europe had so far been problematic and slow to take shape. In that context, there would certainly be a need to provide the region with increasing injections of capital, in the form of development assistance and investment, as well as preferential access to markets. His delegation hoped that such measures would not entail any diversion of resources away from developing countries, most of which were also in the throes of structural adjustment programmes.

27. Alongside the events in Eastern Europe, there had been a transformation in Western Europe. The process of setting up the single European market was well under way and should be completed by the end of 1992. It was to be hoped that that development would not be detrimental to world trade but would, on the contrary, help to make it more dynamic.

28. During such a period of change, international economic cooperation was of prime importance. Concerted action at the global level was necessary if all the economic and social problems arising from the change were to be resolved. A liberal world trading system was essential if the heavily indebted Eastern European countries and developing countries were to succeed in extracting themselves from their precarious situation. In addition, there was an urgent need to find a lasting and equitable solution to the debt problem. The transformation that had taken place in East-West relations had also increased awareness of the problem of how to redirect part of the considerable resources set aside for military purposes to peaceful and developmental uses, a process which could greatly improve the international political climate and global security. In any event, there should now be a renewed global effort to reduce the root causes of instability and conflict, eliminate poverty, and gradually reduce the huge disparities between rich and poor countries.

29. The United Nations and its specialized agencies had an important role to play in that regard. They could not only help countries to achieve their development objectives, and to adjust in such a way as to use the resources released by the disarmament process to the best possible advantage, but could also encourage concerted action to achieve social and environmental improvements for all countries and all peoples. His delegation was looking forward with interest to the eighth session of the United Nations Conference on Trade and Development, which should offer an opportunity of devising new ways of strengthening international action and multilateral cooperation so as to make the world economy healthier, more secure and more equitable.

30. Mr. SERSALE DI CERISANO (Argentina) said it was not for his delegation to air its views on the political aspects of East-West relations, since Argentina was playing a totally marginal role in the decisions which affected the course of those relations. It nevertheless hoped that the process of *détente* that had begun between the major Powers would continue, that the disappearance of mutual mistrust would be accompanied by a reduction in the arms race and that the new situation would be characterized by measures to promote cooperation in trade, finance and the economy in general.

31. As he saw it, the resources allocated to a particular region should not be so allocated to the detriment of the rest of the developing world. There was no doubt that ODA should continue to have as its objective the solution of the problems of economic growth in the developing countries. But what was most important of all was to find a common viewpoint, which would permit an objective and mutually advantageous approach to the question of how to promote economic growth and sustainable and lasting development throughout the world, in developed and developing countries alike, whatever their economic model. In his delegation's view, the key concept was that the countries that exerted an influence on the international economy should be the ones to take the measures needed to eliminate the obstacles to the economic growth and development of other countries.

32. Revitalizing the economies of the developing countries called for sustained and concerted efforts on the part of all countries, and the adoption of a structural approach to medium- and long-term development which went beyond the mere short-term adjustments now predominant in international cooperation policies. There was a need to reverse the trend of the 1980s, and to make the 1990s years of growth and productive rationalization for the developing world and for the economies in transition.

33. The developed countries, which exerted considerable influence on the macroeconomic environment, should first and foremost take into account the interests of the developing countries when coordinating their macroeconomic policies. They should therefore endeav-

our to correct their external and budgetary imbalances, encourage sustained non-inflationary growth, reduce real interest rates, make exchange rates more stable and increase market accessibility. Secondly, they should try to find a lasting and global solution—on the basis of the principle of shared responsibility—to the external debt problem of developing countries, and put an end to the net negative transfer of resources from developing countries to the major creditor countries. Thirdly, as an incentive for economic growth, they should eliminate protectionism in all its forms, with a view to promoting an open multilateral trade system in which real comparative advantages based on the skills and efficiency of producers of goods and services would be given free rein. They would thus be practising what they preached as far as the market economy was concerned. Lastly, the reactivation of economic growth and the launching of a lasting and sustainable development process would be closely dependent on the extent to which the developing countries were capable of participating in progress in science and technology for development.

34. For their part, the developing countries should realize that their economic problems were basically structural in character, and that they would need to readjust their economic policies to ensure the growth and rationalization of their economies and thus become integrated into the international economy. In that connection, they should adopt policies that were anti-inflationary and designed to open up the economy. They could then encourage domestic saving, and create a favourable climate for both internal and external investment flows. Modernizing the economy and increasing international competitiveness might call for a reappraisal of the role of the State in the economic field, involving the abolition of monopolies and deregulation of economic activities. National adjustment measures should be adapted to the circumstances of each individual country. However, to achieve the goal of economic growth, they would all have to use the same tools of economic policy, namely, budgetary rigour, tax reforms to prevent the flight of capital, privatization, deregulation of economic activities and abolition of economic monopolies, encouragement of foreign investment, liberalization of the economy and a system which allowed interest rates and exchange rates to be determined by the market.

35. In some developing countries many of those measures had already been taken, albeit at great social cost. They were thus already implementing the adjustment policies required for revitalizing economic growth, but nothing had been done in the developed world with regard to macroeconomic policies and setting investment priorities. Clearly, the monetary, financial and trade measures announced in Houston, Texas, in 1990 by the group of the seven major industrialized countries had not been followed up. The same was true of priority-setting in direct investment. Although all the economic adjustment and liberalization measures which members of OECD were demanding of countries with economies in transition were currently being implemented in the Latin American countries, the major developed countries were devoting most of their resources to other regions. Thus, Argentina was now carrying out economic reform within the framework of a democratic system, but was aware of the danger that the social cost of the consequent fall in living standards and economic stagnation might be detrimental to the stabilization of democracy. His Government was nevertheless still determined to follow the path of economic growth and development through a policy of deregulation and de-monopolization of its economic activities, to the extent permitted by the prevailing international climate.

36. Mr. PARK Soo-Gil (Observer for the Republic of Korea) noted that the countries of Eastern Europe were now beginning to tackle the difficult task of transforming themselves into market economies. The developed countries and Western international financial institutions were providing the huge volume of resources they needed for that exercise, but it would be premature at the current stage to try to draw up any kind of balance sheet. The developing countries had a somewhat ambivalent attitude towards those upheavals: they welcomed the prospect of market expansion, but were anxious at the prospect that the economic reconstruction of Eastern Europe would undoubtedly syphon off part of the aid that they would otherwise have been given by the West, particularly since the financial situation of the major developed countries had deteriorated considerably and the latter would certainly not be able to meet all short-term needs. In addition, foreign investment might slow down in developing countries and be diverted to Eastern Europe, where there was already a supply of skilled and relatively cheap labour. Furthermore, interest rates on the international financial markets would probably again rise, due to the very fact that the reforms in Eastern Europe required substantial resources, which would not help to alleviate the foreign debt burden of the developing countries.

37. The world community thus found itself forced to seek ways of contributing, on an equitable basis, both to the reforms in Eastern Europe and to the development of the countries of the third world. In that regard, the solutions proposed by the Secretary-General in his report (E/1991/82) seemed to be most appropriate.

38. The pattern of East-West relations had helped to promote economic cooperation between countries of the Asia and Pacific region, as evidenced by the Seoul Declaration on Regional Cooperation adopted by ESCAP at its session (see E/1991/35, chap. IV, resolution 47/1) held in Seoul from 1 to 10 April 1991. For its part, the Republic of Korea, which had not had diplomatic relations with the former socialist countries, had been cooperating with those countries since 1989, even becoming one of the founder members of EBRD. Believing that in the long term the changes taking place in Eastern Europe would have a positive impact on the world economy, and wishing to strengthen economic cooperation between developing countries, his country had recently established the Korean Organization for International Cooperation whose task was to provide fellow developing countries with more diversified and effective technical assistance.

His Government also intended to step up considerably the ODA it was providing to the developing countries and to the countries of Eastern Europe through its Economic Development Cooperation Fund.

39. In his delegation's view, the Special High-level Meeting should make recommendations on the following lines. First, support given by the international community to the reforms in Eastern Europe should be such as to preserve the stability of the world economy and accelerate growth. Secondly, every effort should be made to minimize the possible harmful impact of the changes in East-West relations on the economies of the developing countries; in particular, it was essential that endeavours to solve the debt problems of such countries be continued. Thirdly, it was important to realize that the current global economic difficulties could be overcome by strengthening the multilateral trading system through the successful conclusion of the Uruguay Round. And lastly, the multilateral economic organizations, including the United Nations specialized agencies, should continue to play pivotal roles in meeting the needs of both the developing countries and the countries of Eastern Europe.

40. Mr. NGIRABATWARE (Rwanda) said that along with the wave of democratization that had swept first Eastern Europe and then Africa and elsewhere had come a questioning of established systems, at the political, economic, social and even cultural levels. Rwanda welcomed the new climate of *détente* and perestroika in the Soviet Union, as well as the changes currently taking place in Eastern Europe generally. It was particularly pleased at the reunification of the German nation. All those developments would unquestionably have positive consequences for the growth of the world economy, but the transformation of international economic relations, notably the abandonment of trade and financial arrangements between developing countries and Eastern European countries, were at present giving the developing countries grounds for alarm that appeared to be well-founded: three years earlier, donor countries had claimed it was impossible for them to raise $5 billion a year to rescue Africa from a serious economic crisis; at the same time, they had had no trouble in raising $12 billion to establish EBRD, the purpose of which was to meet the needs of Eastern Europe. In addition, the East European countries were undoubtedly going to start competing with the developing countries on Western European markets. Signatories to the Declaration of the Algiers Colloquium (E/1991/78, annex) which had met to prepare for the Special High-level Meeting had thus had some justification for urging caution when listening to claims that the new aid flows towards Eastern Europe would have no effect on the level of resources earmarked for the countries of the third world.

41. Rwanda supported the recommendations that had emerged from the Algiers Colloquium concerning trade relations, ODA and the debt burden of developing countries: if the opening-up of the countries of Eastern Europe to international trade was to prove beneficial for the developing countries, the latter's exports should be given preferential treatment on East European markets. At the same time, the preferential treatment already given by the Western countries to the developing countries should be strengthened. In view of the fact that ODA was still notoriously inadequate, it should be reinforced by diverting resources previously spent on arms to development financing, and by increasing the resources made available to the international financial institutions. The international community must mobilize large amounts of additional resources for Africa, as well as for the implementation of the Programme of Action for the Least Developed Countries for the 1990s;[3] in particular, more attention should be given in such countries to the development of human resources. The alleviation of the debt burden of developing countries, which would enable them to complete their structural adjustment programmes and to encourage exports, called for debt cancellations on the part of creditor countries to benefit low- and intermediate-income countries, such as had been ordered in the case of Poland. Since the least developed countries were in a critical situation, cancellation of their bilateral debts should be accompanied by financial facilities which would ease debt-servicing on loans from multilateral financial institutions.

42. Where Rwanda was concerned, he pointed out that after a long period of high and regular economic growth during the 1970s and up to the mid-1980s, the country's economy had regressed in 1986, had stabilized in 1987, but had again deteriorated since 1989 with the further declines in world coffee prices. Accordingly, in November 1990, Rwanda had adopted a structural adjustment programme agreed jointly with the Bretton Woods institutions, and supported by international funding bodies. Rwanda had had more difficulty than expected in achieving the objectives set for it in the successive stages of that programme, because of the aggression launched against it from Uganda, but thanks to the support of the Rwandese people and the multi-party system that had recently come into force, the Rwandese authorities had not had to alter the three-year planning cycle on which their economic policy was based.

43. Mr. ABDEL-NASSER (Observer for Egypt) said that for the past 30 years the developing countries had been arguing the need for a change in East-West relations. The abatement of the cold war had been one of the standing demands of the Movement of Non-Aligned Countries, of which Egypt had been a pioneer.

44. In his country's view, peace was indivisible: the concordance of views between East and West heralded the dawn of a new era in which aggression would be prohibited and the principles of freedom and self-determination at last respected. Only peace made it possible to plan for rebuilding: the time appeared to have come to mobilize the energies of all for the common good. It was to be hoped that disarmament would release resources which could then be devoted to the fight against hunger.

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[3] See 2nd meeting, footnote 3.

45. Peace, which was indivisible, could not be established on any lasting basis without a stable economic order guaranteeing everyone the opportunity of effective participation in the progress of civilization. Where economic matters were concerned, there was every justification for raising the question of the possible repercussions of recent changes in East-West relations on the growth of the world economy. Egypt fully understood the difficulties currently being encountered by the countries of Eastern Europe in transition, whose dealings with their usual trading partners had been completely disrupted. Indeed, it was for that reason that Egypt, wishing to express its solidarity with such countries, had become a founding member of EBRD.

46. Egypt also realized that, although the reintegration of the East European countries into the world economy might in the long term encourage international economic growth, it might also, in the short term, have negative repercussions for the developing countries. For the immediate future, therefore, efforts should be made to prevent the countries of Eastern Europe and the developing countries from entering into competition on Western markets. Egypt hoped that the countries of Eastern Europe would inform the world as a whole what changes had been made in their legislative and institutional system where trade was concerned, and that that information would be disseminated by UNCTAD and the International Trade Centre UNCTAD/GATT; those two bodies should, as necessary, convene symposia to encourage the expansion of trade between the developing countries and the countries of Eastern Europe. Again where trade was concerned, it would be useful to explore all possibilities of establishing tripartite cooperation between Eastern Europe, the developing countries and the Western countries with the specific aim of meeting the needs of the developing countries.

47. It was right and proper that the Western countries should provide the countries of Eastern Europe with loans and investments on a large scale, provided that transfers of technology and assistance to developing countries did not suffer in consequence. It would also be advisable for the countries of Eastern Europe not to cause undue disruption to the trading patterns they had already established with the developing countries. Lastly, it would still be for the countries of Eastern Europe to take the initiative in renewing the procedures for the assistance they granted to the developing countries and to find new forms for technical cooperation in general.

48. Mr. VILLARROEL (Observer for the Philippines) said that the changes taking place in Eastern Europe were only one aspect of the sweeping movement towards political and economic reform under way in all parts of the world. The countries of Eastern Europe would clearly need considerable and prompt international assistance in order to facilitate their integration into the world economy, but the developing countries were apprehensive about being left out in the cold at a time when, against the backdrop of slower world economic growth, they too were endeavouring to open up and modernize their economies. It was still too early to say whether their apprehension was well-founded; the Special High-level Meeting should provide an opportunity to arrive at a better understanding of the situation and, it was to be hoped, to reassure the developing countries.

49. In any event, the vast scale of the changes—and needs—in Eastern Europe should not detract attention from common problems also requiring effective support through the global network of trade and financial arrangements. Besides the recession being experienced by many developed countries, those problems were due, in particular, to sustained protectionism. The World Bank reported that the current trade restrictions imposed by the industrial countries were depriving the developing countries of $100 billion of export revenues annually, or twice the interest bill on their public external debt, or twice their annual ODA receipts. Furthermore, there was a severe shortage of savings and commercial financing was drying up at a time when worldwide investment needs had risen sharply. Forecasts showed that the ODA growth rate in the coming years would fall below projections, indicating a slippage from the overall target of 0.7 per cent of the GNP of donor countries. However, in the midst of intense competing claims by developing countries to limited resources, the developed countries were becoming net users of global savings. Discipline in the international financial system was deteriorating markedly: it appeared that the debt problem had become manageable, yet the debt burden was becoming increasingly onerous. Highly indebted developing countries continued to accumulate arrears, as creditors aimed at a sharp exit from sovereign lending.

50. In such a context it was imperative that international cooperation should not be weakened by issues of rivalry for trade and development assistance. On the contrary, it was essential to seize the unique opportunity offered by the reduction in international tension and the resulting prospect of cut-backs in military spending to promote economic progress and enhanced multilaterism. The "peace dividends" of $2,000 billion estimated by UNDP could surely go a long way towards giving the necessary stimulus to the economic reform efforts of both the developing countries and the countries of Eastern Europe. In that spirit, the Philippines had organized a symposium in Manila, in May 1991, with the hope of demonstrating that development cooperation between East European countries and developing countries was possible.

51. Mr. MOTTAKI (Islamic Republic of Iran) said that during the past year the countries of the South, faced with the changes sweeping over Eastern Europe, had been concerned about the possibility of the creation of new economic poles resulting in the expansion of protectionism, the diversion of financial resources from the Western countries and the dislocation of trade patterns. Despite an increase in IMF capital resources and the establishment of EBRD, the fact that the Eastern European countries were gradually giving up barter trade in favour of a free market economy and hard-currency-based transactions was bound to hurt the South, whose

transactions with the East had been based on the barter system. Furthermore, in the long run, when the countries of Eastern Europe had modernized their industry, they would require less fuel and raw materials exported by the South. It should also be borne in mind that in 1990 foreign investment by industrialized countries had decreased as compared with 1989, the countries of the North having adopted a cautious policy following the debt crisis and the developments in Eastern Europe. As a result of the economic recession taking place at the international level, as well as the Gulf war and the great destruction it had wrought, it was hardly surprising that the countries of the South should be concerned about the inaccessibility of economic growth and development in the near future. According to some optimistic forecasts, the world economy would regain a moderate rate of growth by 1992, but it was by no means sure how that growth would be distributed between North and South.

52. The oil-producing countries of the Persian Gulf had never neglected their international responsibilities and had helped needy countries through multilateral as well as bilateral assistance. However, the Gulf war had diverted the region's financial resources to military expenditure, and some countries of the region would require supplementary foreign aid, while many of the countries previously assisted by them would have to resort to other sources. As a result, there might be a rush on international capital markets, which could lead to a rise in interest rates and an aggravation of the debt crisis. Moreover, the Gulf war had shown that, although the cold war was now at an end, that was not necessarily true of certain latent regional conflicts. Security requirements would thus continue to absorb considerable financial resources.

53. While the poor countries of the South did not have the potential to attract the manufactured goods of the North, the recession-hit economy of the North was unable to provide enough demand for the exported commodities of the South. The solution to the problem lay in sincere cooperation between the North and the South in all fields. In that spirit, his delegation welcomed recent developments in East-West relations and the new market opportunities which, as a result of those developments, would open up in Eastern Europe. At the same time, in the face of the worsening economic situation of the developing countries, it was essential that the international community should take steps to reorient present trading patterns and restructure its financial and monetary system so that the poor countries, too, should be able to embark upon the path of growth. Therefore, while his delegation was in favour of granting appropriate tariff concessions to the East European countries, it felt that the advanced countries must extend their concessional tariffs provided under GSP to the countries of the South, which must not be harmed in relation to the countries of the East. The North should also abandon the protectionist policies being applied to export commodities from the South.

54. Multilateral economic and trade cooperation at the international level was a positive step in the process of confidence-building between producers and consumers. With that purpose in mind, a conference attended by oil-producing and consuming countries had recently been held in his country, and a similar meeting had just taken place in Paris. Only action-oriented cooperation among countries, based on their common interests, could bring about a fair solution to the problems arising from the debt crisis, transfer of technology and determination of fair prices for the raw materials produced by developing countries, and protect the international community against the dangers resulting from the existing unbalanced and unjust trading system.

55. His delegation fully endorsed the statement made in the 1st meeting by the representative of Ghana on behalf of the Group of 77.

56. Mr. NEAGU (Romania) said that the whole world had recently witnessed the complete failure in Eastern Europe of the economic and political system based on collectivist ideas. In Romania, the collapse of that system had been the result of a violent popular uprising which had swept away the foundations of the old structures and had led to a national consensus on the establishment of a State subject to the rule of law, a genuinely democratic society and a market economy, as well as full integration within Western European structures. Implementation of the consensus had begun immediately after the revolution and had progressed dynamically during the year following the first free and democratic elections. The ultimate goal of the process of transition was to remedy the disastrous state of the economy and restore growth, while ensuring adequate social security for the most vulnerable groups within the population. Real headway had been made in all economic sectors during the past year through privatization, deregulation and the adoption of the free enterprise system. Implementation of the reform programme had made it clear that the final outcome depended on the promotion of the democratic values of political pluralism and tolerance, human rights, free competition and freedom of conscience, religion or belief.

57. Recent events in Eastern Europe showed that, even with public support, the harsh austerity measures inherent in the transition process would not suffice to ensure economic recovery in the absence of a positive external environment. In those circumstances, external support through improved access to markets, international credits, advanced technology and technical assistance was essential in order to boost economic recovery and growth and ensure the success of the reforms.

58. With regard to fears that Western support for reforms in Eastern Europe might restrict the access of developing countries to external markets and development assistance, his delegation concurred with the view expressed by the Secretary-General in his report (E/1991/82) that the situation had not materialized so far and was unlikely to do so in the future. Resources provided thus far as assistance to certain Eastern European countries fell considerably short of the amounts originally promised by the industrialized countries. The East-

ern European countries' integration into the world economy and the overall progress of the developing countries should not, therefore, be regarded as competing issues but rather as complementary ones. It could indeed be argued that the achievement of the objectives of political, economic and social transition would benefit not only the Eastern European countries but the developing countries as well.

59. All dogmas which had retarded development should in future be abandoned. East and West, North and South should behave as partners, not as rivals, and cooperation, interaction and partnership should henceforth be the basis of relations among nations in order to meet the challenges of overcoming economic backwardness, poverty and social ills. The reactivation and acceleration of the global development process would serve the interests of all countries.

60. Wide open to the world, the new democratic Romania declared its readiness to act as a reliable partner in efforts to meet the challenges posed by global interdependence.

61. Mr. JAMAL (Observer for the United Republic of Tanzania) said that ever since their accession to independence, the developing countries had been obliged to set up socio-economic structures where none had previously existed or else to make adjustments to inherited structures which might have served the purposes of the old colonial Powers but failed to meet the cultural and social needs of the majority of the population. The developing countries had had a great deal of ground to cover in the course of the past 3 decades and in the last 15 years they had had to face unpredictable circumstances.

62. First, they had never been given the necessary respite in order to take stock of their situation and begin to apply measures evolved with so much difficulty in a constantly changing environment. Secondly, the countries of Central and Eastern Europe were having to undergo structural reforms in what could be described as the resumption of an interrupted process of evolution. Thirdly, the economic and cultural values of those countries had matured throughout history and had contributed to the making of what was today the industrialized West and North. Fourthly, what was currently taking place within the context of resource flows from the industrialized West to the countries of Central and Eastern Europe after a temporary hiatus in history was a predictable process for reasons of ethnic kinship and common Christian values, but also for reasons of the lessons of history in the sphere of security. And fifthly, given the relative maturity of those economies, they would undoubtedly—once the thread of history had been retied—recover a dynamism which would enable them to become steadily integrated in the Western and Eastern economies, thus expanding what the countries of the South perceived as the North.

63. For the well-endowed countries of the West, the choice between open-ended defence expenditure to safeguard their security and a less open-ended but substantial allocation of resources to ensure long-term security would necessarily be made in favour of the latter. If there was to be a genuine response to the calls for global solidarity, a deliberate effort would have to be made to develop a lasting triangular process in which solidarity would play a decisive role by strengthening collaboration between Central and Eastern Europe and the currently marginalized developing countries. If such a determination existed to make solidarity meaningful, the Council had an obligation to call on the United Nations system as a whole in order to mobilize all the talents and resources available to it so that the peoples of the world might, in all justice, develop their potential in all spheres once the spectre of poverty had been laid to rest. A time-frame of 20 years or so was not unrealistic to achieve those ends, provided no choices were made relegating social justice to second place, which would create new tensions in the future.

64. Mr. PÉREZ NOVOA (Observer for Cuba) said that the euphoria created by the events in Eastern Europe had now been replaced by pragmatism, with all kinds of reasons being advanced to explain that a market economy could not be established overnight.

65. The advances made in the sphere of disarmament and the improvement in relations between the Soviet Union and the United States of America did indeed constitute progress, but they had not so far provided a solution to the problems of underdevelopment and economic crisis of the countries of the South, which were being assured that the financial aid granted to the countries of Eastern Europe would not be at their expense and were still being asked to display patience and trust. But they had been asked to do that for nearly 30 years and the situation had not only not improved but had actually worsened. It was painful to hear it said that the countries of the South themselves, as a result of their intransigence, hostile attitude and refusal to ensure their development with their own resources, were responsible for their present plight; although those countries had indeed made some mistakes, those responsible for confrontation were really the countries which had always refused to shoulder their full historical responsibility and to participate in development and the establishment of a just and equitable world.

66. It was disturbing to find that the economic situation of the developing countries remained desperate and that the gap between North and South was steadily widening because of the injustice of present international economic relations, which prevented the countries of the South from achieving the objectives they had set themselves, and because of the external debt burden which blocked all economic and social development.

67. In the view of some, the present economic crisis was the result of the cold war. Did that mean that the countries of the South could now look forward to emerging from the crisis and achieving development? That was certainly not the case, for what was today described as the end of the cold war signalled not the beginning of coexistence between different modes of thought and dif-

ferent economic and social systems, but the dominance of a single ideology and a single model of social and economic development which sought to impose itself, sometimes by brutal means. It could not be said, therefore, that ideological confrontation was a thing of the past. Some countries of the South had no other choice, in order to survive, than to submit unconditionally to the rules of the game as dictated by the dominant ideology, with all the terrible social consequences which that implied. Yet in view of the growing interdependence of the problems which the international community had to face, it was essential to strengthen international economic cooperation on the basis of principles acceptable to all and founded upon equity, the sovereignty of all States and the right of each country to choose its economic and political system in complete freedom.

68. The present situation was worrying in many respects. How to meet the needs for financial resources of the developing countries of Eastern Europe and, at the same time, satisfy the growing needs of the countries of the South? The reaction of the developed countries to the events in Eastern Europe contrasted to the attitude recently adopted by those same countries within the framework of the North-South dialogue and the principal multilateral economic negotiations. The priority given to Eastern Europe for reasons of a political and geopolitical rather than economic nature was disturbing, as was the fact that the countries of the South had become net exporters of resources which were benefiting the economies of the Eastern European countries. The effects of the reduction in aid from the Eastern European countries to the countries of the South, through the contraction of a reliable, stable and equitable market and the emergence of competition of which the North would be the chief beneficiary were also worrying. Even when the market economy of the Eastern European countries became stabilized and offered, as the South was continually being told, new outlets for its products, who could guarantee that those countries would not apply the same restrictive measures as those at present applied by the industrialized countries? It would be wrong to underestimate the problems facing the countries of Eastern Europe, but they must be resolved intelligently and in a spirit of solidarity, equality and justice.

69. The end of the cold war and hence the slowing of the arms race should release considerable resources which, if used to good effect, could offer genuine means of resolving the global problem facing mankind. It was to be hoped that, as a result of the accumulated experience of the twentieth century, men would have sufficient maturity, solidarity, humanity and generosity to understand that a new attitude must be adopted at the international level.

70. Three quarters of mankind lived in the developing countries. Their fate, as well as international peace and security, depended not only on the degree of East-West cooperation but also on the economic stability of the South. Only an environment which offered everyone possibilities commensurate with their needs could promote the establishment of lasting peace.

71. The economic growth and development of the South were in the general interest and presupposed the implementation of new ideas, a real political will on the part of the North, and genuine international cooperation. It was to be hoped that the Special High-level Meeting would mark the beginning of a new era with a clear commitment on the part of the entire international community to working towards the recovery of economic growth and the eradication of poverty in the world's most populous regions.

72. Mr. MAYORGA CORTES (Nicaragua) said that the changes which had occurred in the Soviet Union and Eastern Europe ran so deep that they signalled the beginning of a long and difficult transition period not only for the countries concerned, but for the international community as a whole. The transition would be characterized by the gradual replacement of confrontation by cooperation, and by evolution towards the establishment of democratic forms of government and of a market economy with a human face, compatible with social justice. Those objectives were shared by the vast majority of States Members of the United Nations, but political, social and economic change would undoubtedly assume different forms depending on the cultural and historical characteristics of each country, which meant that specific solutions must be found to common problems. His country welcomed the process of political and economic reform under way in the Soviet Union and Eastern Europe, and admired the tenacity and perseverance of those countries' political leaders. It also supported the efforts of the developed countries to facilitate transition in that part of the world and, in that respect, endorsed the statements made by various representatives of the developed countries and the representative of the World Bank to the effect that resources earmarked for the developing countries would not be diverted to the countries of Central and Eastern Europe, and that the additional aid to be received by those countries would be provided outside the development assistance framework.

73. Consideration should be given to the two main conclusions emerging from the Declaration of the Algiers Colloquium (E/1991/78, annex), namely, that it was still too early for a genuine assessment of the implications of the structural reforms in Central and Eastern Europe for the world economy and particularly for the developing countries, and that even if the world economy benefited in the long run from those countries' integration into the international economy, such integration could bring about a reorientation of financial resources in the short and medium term. The first conclusion meant that the effects of the changed East-West relationship upon the growth of the world economy and the prospects of the developing countries could not be measured quantitatively, but what really mattered was to assess the general trends from the qualitative standpoint of international cooperation with those countries. It was clear from paragraphs 123 to 127 of the report of the

Secretary-General (E/1991/82) that the developed countries saw assistance to Eastern Europe as taking a special place in their list of priorities—a more important place than aid to the developing countries—and that the danger of a diversion of resources was a very real one. Unless the international community adopted effective preventive measures, such diversion would even be practically inevitable, at both the bilateral and multilateral levels, especially during the first half of the 1990s, given the extent of the financial and technical assistance the Eastern European countries would need in order to pursue a transition process requiring the gradual establishment of the new legal, financial and institutional infrastructure essential for a competitive market system.

74. Obliged though it was to provide urgent assistance to the countries of Central and Eastern Europe, the international community could not, however, go back on its commitments regarding the promotion of the social and economic development of the developing countries. It was up to the Economic and Social Council to adopt constructive and realistic measures that would take into account both the needs of Central and Eastern Europe and those of the developing countries. He therefore proposed that the developed countries should reconsider the problem of the external debt of the developing countries, on the basis of the report by Mr. Bettino Craxi (A/45/380, annex) and other recent documents and agreements on that subject. Moreover, the Council should recommend an appropriate increase in the resources of the World Bank, a short-term 50 per cent increase in IMF quotas and the acceptance by IMF of the Japanese proposal for a new issue of SDRs, so as to meet, without creating inflation, the cash requirements caused by the changes in the situation in the developing countries and the reforms in Central and Eastern Europe.

75. The Council should also adopt pertinent recommendations concerning additional financial aid to the developing countries and should define more clearly the priority areas of the International Development Strategy for the Fourth United Nations Development Decade and of the Programme of Action for the Least Developed Countries for the 1990s. Moreover, the Council should recommend measures aimed at increasing savings in the developed and developing countries, by emphasizing the need for more effective use of national financial resources and the need to reduce unnecessary military expenditures and protectionist-type subsidies. The creation of domestic saving was essential; as the Director-General of IMF had pointed out at the 3rd meeting, it was vital not to run short of resources in order to support the investment and economic reform effort in Eastern Europe and the developing countries and to limit the negative effects on indebtedness of an increase in real interest rates. Lastly, the Council should intensify its follow-up and supervision of world ODA flows and technical cooperation in 1990 and 1991. More particularly, it should carefully analyse the results of the examination of world economic prospects during the period 1991-1996 which CDP was to undertake in April 1992 and whose central topics were to be the evolution of economic reforms in Central and Eastern Europe, the changes in international trade and the results of the Uruguay Round. On the same occasion, an evaluation should also be made of the conclusions of the meetings of the World Bank's Committee on Development in the last quarter of 1991 and of IMF's Interim Committee in the first half of 1992.

76. Nicaragua was very much alive to the difficulties currently being experienced by the Soviet Union and the countries of Eastern Europe; for 10 years, its economy had been largely dependent on trade and cooperation with those countries, and it was itself engaged in a difficult process of transition towards democracy and the market economy. For the successful completion of that process, it had need of the international community's understanding and support. It was encouraging to note that the international community had, of late, begun to realize the seriousness of the social and economic situation in Nicaragua and to appreciate the full value of the progress made towards the restoration of peace and the formulation and implementation of an effective programme of adjustment and economic recovery. Given that per capita income in Nicaragua had hardly risen since the 1940s, that its external debt ($12 billion at the end of 1989) was the highest per capita debt in the world, that the elementary education, health and housing needs of 70 per cent of the population had still not been met, that 23 per cent of Nicaraguans lived in conditions of extreme poverty and that the declared unemployment rate was higher than 40 per cent, it would be readily understood that Nicaragua was in an extremely critical situation and could be included among the least developed countries. His delegation did not share the view on that question expressed by CDP in paragraph 251 of its report (E/1991/32) and urged that the criteria adopted by Committee should be updated so that Nicaragua might be included in the list of least developed countries. Furthermore, the Council should consider the implications of the disbandment of CMEA for the eight developing countries which had maintained close economic and trade links with that body.

77. In conclusion, he expressed his delegation's hope that the Council would formulate conclusions and recommendations which would reconcile the interests of the developing countries and those of the countries of Central and Eastern Europe. All those countries were at present engaged, in various degrees, in a transitional stage. The urgent needs of an Eastern Europe in transition should be met, nor should the needs of the developing world be forgotten. His delegation was convinced that the international community would find a balanced solution to that apparent dilemma.

78. Mrs. PURI (Observer for India) said that her delegation fully endorsed the statement made by the representative of Ghana on behalf of the Group of 77 welcoming East-West *détente* and supported the reform process in the countries of Central and Eastern Europe together with the moves to integrate them into the world

economy. It also attached importance to the recommendations made at the Algiers Colloquium.

79. India had close and mutually beneficial economic and trade ties with the Eastern European and developed countries alike, and wished the reform process every success. There were some points, however, to which she would like to draw attention.

80. East-West *détente* had only strengthened the interdependence of nations and of the problems relating to trade, development finance and the international monetary system. With the collapse of political and ideological barriers, the need for equitable and judicious management of that global interdependence for the benefit of all countries was more important than ever. The countries of East and West, North and South must reaffirm their commitment to the principles of multilateralism in the international economic field and to the concept of MFN.

81. The international community must take steps to allay the legitimate concern arising from the current developments about North-South or East-South trade and economic relations.

82. It must be admitted that the gains for the developing countries and the world economy as a whole from the Eastern European countries' possible transformation into a "new growth pole" would not materialize automatically, and that the developed countries and the countries of Eastern Europe would have to evolve clear strategies and policies if those gains were to help galvanize development cooperation.

83. The developed countries' unprecedented political commitment to assist the countries of Eastern Europe should likewise apply to the democratic developing countries in overcoming poverty, hunger and illiteracy and supporting their development efforts.

84. With regard to international economic cooperation, a clear distinction must be drawn between the nature, scale and urgency of the developing countries' longstanding needs and the new needs of the Eastern European countries in transition to a market economy. At least equivalent efforts and resources should be deployed in order to satisfy the developing countries' greater and more pressing needs. It was important that the principles of additionality for meeting the new resource demands by the Eastern European countries and the principle of MFN for developing countries be strictly adhered to. In other words, the provision of assistance to the Eastern European countries should not be at the expense of the developing countries.

85. East-West economic cooperation should be without prejudice to the obligations and commitments of the developed and Eastern European countries in the context of the International Development Strategy for the Fourth United Nations Development Decade and the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries.

86. With regard to trade and economic relations between the Eastern European and developing countries, creative ways would have to be found to ensure that the transformation in East-South relations had a positive impact. In that regard, the North should play a positive role by fostering tripartite East-West-South economic links, and the East should, for its parts, resume as soon as possible its responsibilities in the international development effort.

87. A powerful ecological rationale had emerged in economic cooperation between the developed and Eastern European countries. East-West relations were also characterized by geographical proximity and cultural affinity. Even more compelling in the long term, however, would be ecological and environmental interdependence; and mutual interests likewise existed between developed and developing countries. That fact should steer the developed countries towards a more balanced approach to economic cooperation with the developing countries, regardless of factors such as geographical proximity or ethnic or cultural affinity.

88. The evolution of East-West relations should be such as to foster an international climate of trust which would enable urgent humanitarian and economic problems to be dealt with, as well as all the issues that were holding back development in the developing countries. Only if those countries' problems were dealt with purposefully in and alongside the East-West context would a truly democratic, just and peaceful world order emerge.

89. Her Government fully supported the suggestions for continuous monitoring by United Nations bodies of East-West and East-South relations and for the convening of a further high-level meeting under the Council's auspices in 1995.

90. Mr. BERTHELOT (United Nations Conference on Trade and Development) reminded participants that in 1990, during the Economic and Social Council's informal exchange of views on the impact on world economic growth of the developments in East-West relations, there had been two points on which there had seemingly been virtual agreement. First, the transition from a planned-economy to a market-economy system would take time and raise domestic tensions, which would have external repercussions with regard to security, financial needs and trade flows. And secondly, the positive effects of those transformations for the developing countries would be essentially long-term in nature. The question was whether, in the short and medium terms, the trend of ODA, direct investment and trade flows would be liable to swing from a North-South to an East-West axis. It had seemed at the time that, if the West's support for the East took the form of tied aid and preferential trade arrangements, the risk would be greater. Subsequently, the developing countries' trade with the countries of Eastern Europe had seriously worsened. The economic recession, which partly explained the phenomenon, was cyclical in nature, but the institutional changes under way in Central and Eastern Europe would have lasting effects,

so that the developing countries would have to adapt to new trading conditions with the East: the dissolution of CMEA, the end of the foreign trade monopoly, the dismantling of bilateral financing or equalization arrangements, the preferential use of convertible currencies, and so forth. In most cases, the developing countries did not have the means to adapt to the new trading methods, for example by building up their trade representation in the East; therefore, UNCTAD was now striving to organize meetings between enterprises of the developing countries and of the countries of Central and Eastern Europe. Meetings of that type had already been held in Malta, Turkey, Singapore and the Philippines. It should be noted, however, that the countries of Eastern Europe accounted for less than 4 per cent of all third-world exports and that the risks therefore related more to competition between the two groups of countries in the markets of the industrialized countries.

91. In the short term, only highly labour-intensive and only modestly capital-intensive assembly processes were liable to be affected by such competition. In the long term, the Eastern European countries would try to benefit from the factors at their disposal in responding to world and domestic demand, which meant that there was a danger of competition in the raw material and finished product sectors. In developing their consumer goods industries and the production of sophisticated equipment and materials, those countries would be competing with developing countries already well established in the world economy and consequently able to withstand such competition. The close economic ties which the industrialized countries, of Western Europe in particular, wished to establish with the countries of Eastern Europe would enable the latter to enjoy easier access to markets, but the liberalization measures being taken for that purpose were in fact aimed only at the gradual removal of discriminatory treatment. That was not so in the case of the broader agreements currently being negotiated between the EC, EFTA and certain countries of Central and Eastern Europe. It was to be hoped that, during those negotiations, the developing countries' interests would be taken fully into account.

92. Whatever the exact amounts might be, the funding needs of the countries of Central and Eastern Europe did not seem out of proportion to the world financial system's capability. Most of those needs would be met by private flows, without the resources the developing countries normally relied upon being necessarily eroded. With regard to direct investment, many developing countries actually offered better conditions in terms of markets, labour and infrastructure. On the matter of private bank loans, a country's borrowing capacity was mainly dependent on the rehabilitation of its debt situation; that applied both to the countries of Eastern Europe and to the indebted developing countries. The burden of indebtedness on restructuring efforts had frequently been noted by UNCTAD. The debt relief measures for Poland and Egypt were considerable and positive, showing that the link had come to be recognized. The middle-income indebted developing countries which were making structural adjustment efforts should therefore be given the benefit of similar debt relief, although decisions in that sphere must be taken solely on the basis of economic criteria.

93. The gravest risks of diversion of assistance intended for the developing countries centred, in fact, on the impact of the debt relief and ODA to be granted to the Eastern European countries on the budgetary equilibrium of donor countries. The latter countries' assurances would be fully convincing if ODA was commensurate with the commitments made, particularly *vis-à-vis* the least developed countries, and if the statistics clearly distinguished between assistance for development and assistance to the countries of Eastern Europe. Pending the positive knock-on effects of the changes in Central and Eastern Europe, the commitments made by the donor countries must be adhered to and the various current or forthcoming bilateral trade negotiations must not place the developing countries in a relatively unfavourable situation. Over and above that mechanical analysis of the current changes, however, the most important effects were indirect and related to the choice of economic system and development policies, methods of economic management and popular participation, and to the approach to world and regional security and to the changes in the regional economic groupings being formed in the North, particularly in Europe. Care should, however, be taken not to cast the developing countries in a passive role, but rather to seek to examine the strategies which those countries could adopt, collectively or individually, in response to the changes. UNCTAD possessed the means and the capability to undertake such analyses and construct scenarios on how the situation could evolve. In any case, it would seem that an attempt should be made immediately to prevent a fall in trade between the countries of Central and Eastern Europe and the developing countries, given the prospects of mutually beneficial relations in the medium and long terms.

The meeting was suspended at 7.10 p.m. and resumed at 8 p.m.

Mr. Lakhdar Brahimi (Algeria), Chairman, resumed the Chair.

94. The CHAIRMAN said that the high standard, richness and diversity of the statements made by many delegations (no less than 53 countries, including countries not members of the Council and 11 international organizations and agencies of the United Nations system had taken the floor) testified to the importance the participants attached to the current Special High-level Meeting, but made his task of summarizing the discussions particularly difficult. The deliberations had taken place in an atmosphere of calm which had helped to foster a spirit of constructive dialogue. The various delegations had welcomed that initiative, which formed part of the revitalization and restructuring of the Council and its subsidiary bodies and had facilitated a better understanding of the nature and extent of the current changes in East-West relations, including their impact on the developing countries and on the future of international eco-

nomic cooperation. All delegations had voiced satisfaction with those developments, which they had deemed positive not only for the parties involved but also for the community of nations as a whole.

95. The end of the confrontation which had characterized the cold war period had facilitated the renewal of efforts to integrate Central and Eastern Europe into the world economy, a move which could usher in a new spirit of cooperation among nations and have beneficial repercussions both in the North and in the South. A further positive feature of the developments was the opportunity to divert financial, technical and human resources from military to development matters. There was no doubt, however, that those promising prospects were affected by a difficult, complex and painful transition period which all speakers had deemed inevitable. The economic and social consequences of the reforms to be undertaken, in particular their social cost for the least advantaged, were clearly apparent and involved the risk of exacerbating narrow nationalist sentiments. Several delegations had stressed that the lack of precedents in modern history had rendered the transition even more delicate and difficult. Speakers had expressed the hope that the economic reforms in Central and Eastern Europe, including the Soviet Union, would go hand in hand with an expansion of political reforms, without which there was a risk that the reforms might not be fully effective; and success in a democratic experiment was incompatible with the spread of poverty and deprivation. The participants had therefore called on the industrialized countries and multilateral financial institutions to continue their efforts to promote the integration of the countries of Central and Eastern Europe into the world economy. In that regard, the need to continue the universalization of the multilateral financial institutions had been stressed.

96. Member delegations of the Group of 77 had stated that the scope and speed of the measures taken by the developed countries to support the integration of the countries of Central and Eastern Europe into the world economy contrasted with all the efforts made hitherto for the benefit of the developing countries. The exemplary solidarity evinced in the financial sphere in regard to the countries of Central and Eastern Europe coincided with the persistent, indeed worsening, negative net transfer of financial resources from the developing to the developed countries. Moreover, ODA for the countries of the third world seemed to be falling in real terms, despite those countries' growing needs. Several delegations had voiced disquiet at the risks of diverting, in the short term, financial resources and trade benefits provided to the developing countries—risks which, should they materialize, would lead to further marginalization of those countries, with political repercussions which would be felt far beyond their borders.

97. Some delegations had mentioned the need to observe effectively the commitments undertaken pursuant to the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Strategy for the Fourth United Nations Development Decade. Those delegations had likewise reiterated the need for speedy implementation of the measures agreed upon for the benefit of the least developed countries. They had voiced the hope that the Uruguay Round would speedily achieve a balanced outcome which reflected the developing countries' interests. Preparations for the eighth session of the United Nations Conference on Trade and Development and for the United Nations Conference on Environment and Development had also been mentioned.

98. Representatives of the major donor countries and multilateral financial institutions had reaffirmed that the efforts made to support the reforms in Central and Eastern Europe would in no way be to the detriment of their programmes of assistance to the developing countries. Creditor country delegations, pointing out with the aid of figures that financial flows to Eastern Europe remained modest, had linked the slow-down of North-South financial flows to the situation and investment climate in the host countries. The creditor countries had likewise mentioned the initiatives they were preparing to take in order to reduce outstanding debt in favour of the low-income developing countries.

99. All speakers who had mentioned the issue of human resources had stressed that it should be given full attention. Development of those resources was a prerequisite for the mobilization and use of the financial and natural resources, and of the science and technology, essential to lasting development. In the view of those speakers, individual initiative should be enabled to flourish in a climate of freedom and democracy. The link between development and democracy had been recognized by all; some, however, saw democracy as a *sine qua non* of development, while others felt that the democratic process could get under way only in a context of sustained economic growth.

100. Concluding his summary of the deliberations of the Special High-level Meeting, he said that, despite differences of opinion, the participants had unanimously recognized that the international scene was undergoing huge changes which, while accompanied by tensions and difficulties, also carried a message of hope for the establishment of a world order founded on international equity and solidarity. The United Nations, a revitalized Economic and Social Council, the specialized agencies and the other international organizations had a leading role to play in the advent of that new world. During the informal consultations among heads of delegations prior to the Special High-level Meeting, many delegations had said that they preferred a question-and-answer format to the pattern of traditional debate. That idea should be given due consideration in the context of the implementation of General Assembly resolution 45/264 of 13 May 1991, on the restructuring and revitalization of the United Nations in the economic, social and related fields.

AGENDA ITEM 3

Closure of the Meeting

101. The CHAIRMAN referred to the high standard of the participation by the senior officials of several specialized agencies and thanked all delegations, the Bureau and members of the Secretariat for their contribution to the success of the Meeting. He then declared the Special High-level Meeting closed.

The meeting rose at 8.30 p.m.

17th meeting

Monday, 8 July 1991, at 10.25 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.17

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments

1. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) said that the theme chosen by the Council for its general debate was timely. In a year of great hope, when the shadow of the cold war had been lifted, new light was being shed on the meaning of national security, defence and development. Nevertheless, poverty and underdevelopment continued to pose as great a threat to stability and peace as the cold war ever had. There could be no peace and stability in the world without broad-based development that would give all its inhabitants a modicum of hope for a better life. The difficult challenge of development was compelling ground for enhanced international cooperation.

2. The year 1990, with recessionary tendencies already apparent, had ended with a growth of global output of only 1 per cent, as against 3 per cent in 1989, and output per head actually declining. World output was not expected to grow at all in 1991 and might grow by about 3 per cent in 1992.

3. Economic activity had slowed down in all regions. In the developed market economies growth had fallen by 1 percentage point to 2.4 per cent. Unemployment had risen in most countries. Real interest rates remained historically high and large budgetary deficits had reduced governments' flexibility to use fiscal policy for countercyclical purposes. The developed market economies were expected to recover modestly later in 1991 and to achieve a 3 per cent growth in 1992.

4. Eastern Europe and the Soviet Union had experienced the sharpest decline in economic activity since the immediate post-war period. Output had fallen by 12 per cent in Eastern Europe and at least 4 per cent in the Soviet Union. The task of transformation had turned out to be far more difficult than anticipated. Severe disruption of the distribution system had accentuated the impact of the drop in production on the availability of goods and services. Industrial production and employment had been particularly affected. Economic recovery could begin only if investment levels were raised and policies put in place for price and trade liberalization, reduction of the monetary overhang, dismantling of monopolies and reduction of State ownership, banking reform and introduction of a capital market, and enhanced convertibility of local currency.

5. It had emerged clearly from the Special High-level Meeting, held on 4 and 5 July, that the economies in transition would need a great deal of technical and financial assistance to achieve the necessary transformation. The Meeting had also recognized that the rest of the world had a stake in their success. It had also been widely recognized that that success should not be at the expense of other needs, particularly those of developing countries. So far, there had not been much diversion of resources, but, as the absorptive capacity of the transition economies improved, the prospect of such diversion could not be ruled out. The solution lay in the adoption of growth-oriented policies by all countries, in raising the level of global savings to ensure adequate availability of capital, and in clear understandings on the allocation of resources, from both multilateral and bilateral sources, among the developing and transition economies.

6. In the developing countries growth had slowed for the third consecutive year. Latin America and Africa in particular had continued to experience abysmally low growth. In Latin America there had been a significant decline in output per head. In Africa, output had grown about as fast as population, but real recovery and sustained development still appeared remote. Drought and internal strife in parts of the continent meant that famine

was once again looming. South-East Asia had also decelerated but remained by far the most buoyant region, confirming the pattern of diversity in regional performance established during the 1980s.

7. In West Asia, the consequences of a devastating war had far outweighed the benefits of a temporary increase in oil prices. Output in the region showed no increase in 1990 and loss of output in Iraq, Kuwait and Jordan had been catastrophic. Their humanitarian, reconstruction and development needs would be very large for several years to come. The crisis had also caused serious economic damage to many developing countries as a result of the oil price rise, trade disruption and the curtailment of workers' remittances. The magnitude and duration of the environmental catastrophe, and its long-term incalculable consequences, had no parallel in modern history. The tremendous needs called for a commensurate international response.

8. The shocks of 1990 had brought into sharp focus many of the longer-term problems of the 1980s. External debt and a large outflow of resources continued to be major constraints on investment and growth. Since the early 1980s, many developing countries had become providers of net financial resources to the rest of the world rather than being recipients. In 1990, the developing world as a whole had transferred $39 billion abroad, mostly from developing countries which had been and should be importers of capital, chiefly middle-income heavily-indebted countries. Despite comparatively high rates of savings, their investment levels remained low as they were forced to transfer a significant part of their savings abroad in interest payments. The external debt crisis was thus at the heart of the phenomenon of net transfer of resources from developing countries.

9. The measures adopted to ease the debt burden had had only a limited impact. In most indebted countries, despite long years of "adjustment", the situation remained virtually the same as in the early 1980s when the crisis began. Recent steps to introduce greater flexibility in the international debt strategy, the proposals of some Governments for debt forgiveness for the poorest countries, and the very substantial measure of debt relief provided to Poland indicated international recognition that more needed to be done to end the debt crisis. That recognition must be turned into action. Many of the developing countries, where large populations lived below subsistence level, needed debt reduction on a scale comparable to or even larger than that provided to Poland.

10. The developing countries themselves must maintain the momentum of economic reforms and restructuring, contain inflation and mobilize their financial and human resources in order to revive development.

11. Such collective action, at national and international levels, would be a practical manifestation of the broad commitment to cooperation and shared responsibility made in the International Development Strategy for the Fourth United Nations Development Decade.[1] The Strategy should be seen not merely as a statement of principles but as a truly global consensus on policies to be pursued at the national and international levels by all countries.

12. The Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries[2] and the new International Development Strategy offered the most logical framework for strengthening multilateral cooperation. Their goals were clear: to achieve a surge in economic growth as well as to improve its quality in the 1990s. Social, human and environmental concerns must be recognized as central to development. A concerted attack on poverty, the development of human resources, the creation of conditions of stability and economic freedom in which individual initiative and entrepreneurship could flourish, and protection of the environment were necessary prerequisites for the high-quality growth that all governments must promote through concerted policies. Such policies could be successfully pursued only if countries enjoyed "good governance", which meant public accountability and responsiveness to social needs and a pluralistic society with respect for human rights. A reduction in military expenditures by all countries was equally vital for success. One lesson of the cold war was that heavy military expenditures not only had unmistakable economic costs but in the end tended to buy less security than a strong and vibrant economy. The very perception of national security was being transformed, most notably in Europe but elsewhere as well. It was in the interest of developing countries to recognize those trends. Not only would reduced military expenditure release their own resources for economic and social progress but it would greatly strengthen their claims on the "peace dividend" of the developed countries.

13. All the efforts of developing countries to revive development would come to nothing in an unfavourable, unstable and unpredictable international economic environment. A small increase in international interest rates, a sudden fall in commodity prices or an increase in trade barriers could wipe out national efforts to mobilize resources and more than offset any financial assistance received. Several recent studies had drawn attention to the losses incurred by developing countries as a result of policies pursued in the developed world without taking into account the interests of the developing countries. In formulating their macroeconomic policies, the major economic Powers should pay close attention to their impact on the developing world.

14. In recent years, fitful progress had been made towards international policy coordination but the policies and arrangements introduced had not been successful in ensuring sustained, balanced and widely-shared growth in the world economy. Clearly, managing global interdependence called for a more comprehensive and systematic response. It was time to give serious consideration to strengthening the international framework for policy co-

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[1] General Assembly resolution 45/199, annex.

[2] General Assembly resolution S-18/3, annex.

ordination and harmonization in the interrelated fields of trade, money, finance, energy, environment and development. A revitalized Economic and Social Council, or an appropriately constituted committee meeting at a high level, could serve as an "Economic Security Council" to deal with broad policy issues of global interdependence as well as situations requiring an immediate response. Currently, such issues were not considered in a comprehensive manner and an arrangement of that kind would fill an important gap. Such a body could help to forge political consensus for progress towards building international regimes for multilateral cooperation. Such regimes could include strengthening and reforming the GATT system, enhancing the role and financial base of the Bretton Woods institutions, promoting international cooperation in the field of energy, evolving an internationally accepted regime on environment following the United Nations Conference on Environment and Development in 1992, and a strong international commitment to development, entailing resolution of the external debt problem, new attention to the needs of the poorest and most vulnerable countries to help them in diversifying and restructuring their economies and a concerted attack on poverty in all countries.

15. That might seem an ambitious agenda and indeed it was. However, the Council could not succeed without ambition, and there were some times more than others when the world needed vision and true leadership. The present was such a time and he was confident that the Council would act in the spirit of the moment.

16. Mr. KUFUOR (Observer for Ghana), speaking on behalf of the Group of 77, agreed that the theme chosen was highly appropriate. As the debate in the Special High-level Meeting had shown, the dramatic changes in Eastern Europe and the Soviet Union presented the international community with a rare opportunity for expanded cooperation. Already, several countries had become, or were seeking to become, members of such international institutions as IMF, the World Bank and GATT. The urgent and difficult economic problems facing developing countries, in terms of money, finance, resource flows, debt and trade, remained unsolved and ecological pressures threatened the very survival of mankind. All those urgent global concerns could best be addressed in a multilateral context. However, the existing international institutions and mechanisms seemed ill-equipped to deal with them efficiently and effectively, hence the consistent demand of the developing countries for their being strengthened or restructured.

17. The international monetary system and its supporting institutions were intended to bring stability to the exchange rate system, introduce multilateral surveillance of macroeconomic policies and address the problem of international liquidity. However, the decision-making processes in international monetary and financial affairs had come to reflect the dominant position of certain powerful countries to the detriment of the developing world. A few countries, consulting among themselves outside the multilateral framework, decided on how to manipulate the exchange-rate system for their own benefit or intervene to raise or lower interest rates. The developing countries had also been starved of financial resources for development as a result of the industrialized countries' unwillingness to increase quotas or SDR allocations.

18. Important policy decisions for managing the external debt of the developing countries had been arrived at unilaterally by one or a handful of powerful countries. The various plans and agreements for addressing the debt problem had been authoritarian decisions handed down to developing countries on matters affecting their vital interests. The persistence of the debt problem, despite structural reforms by several debtor countries, indicated that the solutions offered by the industrial countries had been inadequate. Debt-servicing had contributed greatly to the reverse transfer of resources from the developing to the developed countries. Latin America alone was said to transfer over $30 billion a year to the industrialized countries.

19. Even that democratic multilateral institution, the General Assembly, whose decision making was based on the sovereign equality of States, had for years been prevented from putting the question of developing country indebtedness on its agenda, on the pretext that financial questions should be confined to the technical institutions. As had been clear to all, that was a scarcely veiled attempt to suppress discussion of the underlying political questions. Thus, it had been impossible to bring the wisdom of the General Assembly to bear, in a timely manner, on that important question. In cases where it had been able to act, the General Assembly had come under severe attack because its collective will did not always coincide with the perceived interests of certain powerful actors who had withheld their assessed contributions on that account and thrown the Organization into a budgetary crisis. The aim of such a policy stance was to force the majority to bend to the will of the powerful. Democracy could not be confined to the national level. It must permeate the whole spectrum of multilateral decision-making processes. Only then could the interests and concerns of all be fairly and fully addressed.

20. Multilateral trade arrangements based on free trade and the principles of non-discrimination and reciprocity were being severely tested. Unilateral and discriminatory actions were on the rise. The Punta del Este Ministerial Declaration on standstill and rollback[3] was honoured more in the breach than in the observance. The Arrangement Regarding International Trade in Textiles (Multifibre Arrangement)[4] allowed developed countries to restrict the import of textiles from developing countries, thwarting the principle of non-discrimination. The important area of agriculture was not subject to GATT discipline. Agricultural subsidies in Europe and North

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[3] Ministerial Declaration on the Uruguay Round of multilateral trade negotiations of 20 September 1986, part I, sect. C (GATT, *Basic Instruments and Selected Documents, Thirty-third Supplement* (Sales No. GATT/1987-1), p. 19).

[4] GATT, *Basic Instruments and Selected Documents, Twenty-first Supplement* (Sales No. GATT/1975-1), p. 3.

America amounted to over $200 billion a year. The reason that the Uruguay Round was still mired in difficult negotiations was largely the lack of agreement on how agricultural trade was to be liberalized. The agricultural products of developing countries could not compete under such unfair trading arrangements. If the benefits of free trade were to accrue to all countries, the institutional arrangements for promoting it must, as far as possible, be free from barriers and discriminatory practices. Above all, fair and equitable exchange must be ensured in the international market-place.

21. The same fairness must underpin any international arrangements for environmental protection. No useful purpose would be served by putting the burden on the developing countries, as in the case of international monetary and financial arrangements. The developing countries had warned that they were not prepared to assume responsibilities that would place burdens on the use and management of their natural resources in order to support unsustainable patterns of production and consumption elsewhere. Multilateral cooperation on the environment must be fair and democratic, not unequal and authoritarian.

22. During the informal consultations on the report of the South Commission (A/45/810 and Corr.1), the South's introspective assessment of its place in the world economy had been praised. The developing countries urged the North to undergo a similar self-analysis, in order to determine whether it had been true to its democratic creed as far as international economic relations were concerned.

23. Mr. SARDENBERG (Brazil) said that the report of the Secretary-General on strengthening multilateral cooperation in international economic affairs (E/1991/72) highlighted the fact that, after many years of scepticism about multilateralism, the United Nations saw a "window of opportunity" for strengthening the multilateral approach in all areas, including the economic and social. As a result of changes on the international scene, especially the emergence of a cooperative attitude between East and West, multilateral organizations, in particular the United Nations, could play a larger and more effective role. In recent years, a number of countries in Latin America and other regions had taken important steps towards re-establishing democracy and free government. Future generations would think ill of the United Nations and the international community if they let slip the opportunity to assist in promoting the economic and social conditions necessary for irreversibly strengthening the rule of law.

24. Interdependence had become a household word, but the interdependence achieved was not true interdependence among equals, a fact often overlooked by academics and diplomats. The globalization of the world economy might, in some areas, especially trade, be more accurately described as fragmentation. In such areas, the international economy was still marked by fundamental distortions that frustrated development efforts and called for decisive action by the international community.

25. Strengthening the multilateral approach was an essential step in dealing with such matters. Multilateralism was a commitment to openness, transparency and equality of opportunities among nations large and small. It was essential to the long-term improvement of conditions for the development of all members of the international community.

26. As a result of those fundamental distortions the developing countries faced what CDP experts had described as a consistently hostile external economic environment. The erosion of the multilateral trading system through protectionist and discriminatory measures gave grounds for serious concern, as did the delay in concluding the Uruguay Round. Negotiations aimed at reinforcing the multilateral trading system were blocked by protectionist measures adopted by industrialized countries for the benefit of non-competitive sectors of their economies. If the negotiating process were to end in deadlock it would be a sad commentary on the state of multilateral cooperation in economic affairs. In the meantime, the downward trend in commodity prices continued to have disastrous effects on the developing countries. The *World Economic Survey, 1991* (E/1991/75) showed that in 1990 the purchasing power of non-fuel commodity exports had declined by some 15 per cent, a trend compounded by the losses incurred by many developing countries, including Brazil, as a result of the Gulf War.

27. From the data on financial flows in the *Survey* and CDP report (E/1991/32) it was clear that attainment of the goals of the International Development Strategy for the Fourth United Nations Development Decade would be difficult, if not impossible, without adequate development finance and the reversal of the transfer of resources from the developing countries. In that connection, his delegation had noted with particular interest the Secretary-General's proposal (16th meeting, para. 21) for the convening of an international conference on development finance. External debt continued to be a major obstacle to development and both the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the text of the International Development Strategy stressed the need for further efforts and initiatives to provide debt relief for the developing countries with a view to attaining a growth-oriented solution to the debt problem. Recent debt-relief initiatives to facilitate reforms in Eastern Europe had set important landmarks and criteria for the future treatment of the problem, especially with regard to the order of magnitude of relief required. The relation between relief and structural economic reforms had, under all circumstances, to be viewed in the same light, from the viewpoint of ensuring the success of reforms as well as long-term economic growth and development.

28. The pattern of international financial flows was closely linked to the macroeconomic policies of the major industrialized countries. As the above-mentioned Declaration stated, enhanced coordination in that domain should take full account of the interests and concerns of all countries, particularly developing countries. Multilat-

eral surveillance must play an important role in correcting existing imbalances, favouring non-inflationary sustainable growth, ensuring more stable market conditions, and lowering real interest rates.

29. Turning to restrictions on the international flow of technology and technological goods, he recalled the commitment contained in the International Development Strategy that developing countries should not be discriminated against in their commercial access to science and technology for development purposes. The goal of multilateralism in economic affairs was non-discrimination and equality of opportunity for all countries.

30. As to the relation between environment and development, it would be essential to make sure that the United Nations Conference on Environment and Development, to be held in Rio de Janeiro in 1992, struck an appropriate balance between the two. The establishment and functioning of global regimes must take into account the specific needs of developing countries, particularly in the area of technology and financial resources.

31. More effective participation by multilateral organizations was essential to strengthened multilateralism in international economic relations. An important step in that direction had been taken with the restructuring and revitalization of the economic and social sectors of the United Nations, including the Economic and Social Council. As international relations evolved, the Council had to deal with a range of issues such as human rights, the environment, drugs and other social problems. That must not result in reduced attention to the Council's strictly economic agenda. Poverty and economic underdevelopment affected every aspect of life, including human rights, law enforcement, the environment and human development.

32. With regard to macroeconomic coordination and surveillance, the Secretary-General's report (E/1991/72) rightly made the case for strengthening multilateral arrangements and regimes and broadening the decision-making process, taking into account the direct effect on developing countries of the macroeconomic policies of the major industrial economies.

33. The United Nations role in providing coordination and leadership for the specialized agencies was an essential element in multilateral economic cooperation and in the restructuring of the United Nations system to achieve greater effectiveness. The Secretary-General's report suggested that consideration might be given to a closer relationship between the United Nations and the specialized agencies, possibly through a review of relationship agreements. His delegation agreed that, given its unique position in the system and its mandate under the Charter of the United Nations, the Council was the appropriate body to deal with questions of policy consistency in the global economy.

34. The fact that interrelated aspects such as trade, finance and macroeconomic management happened to be split up in a sectorally organized system should not obscure the need for an integrated approach in the multilateral treatment of international economic affairs. Full use should be made of the mechanisms available for consultation, exchange of information and recommendations between the Council and the Bretton Woods institutions. Fulfilment of the commitments entered into in the Declaration on International Economic Cooperation and the new International Development Strategy represented a major challenge which he hoped the new Council would help to meet.

35. Mr. BODDENS-HOSANG (Netherlands), speaking on behalf of the European Community and its member States, commended the Secretariat for its increasingly interesting publication *World Economic Survey, 1991* (E/1991/75) and welcomed the report of CDP (E/1991/32). He regretted that the *Survey* and the reports on the strengthening of institutions in international economic affairs and institutional developments in multilateral trade had been issued late, hampering preparation by delegations.

36. The eighteenth special session of the General Assembly, the Ministerial Conference on Africa in Maastricht, the Second United Nations Conference on the Least Developed Countries, held in Paris, and adoption of the International Development Strategy for the Fourth United Nations Development Decade had been important steps towards global consensus on social and economic policies. Unfortunately, the Uruguay Round of multilateral trade negotiations had not been completed. The EC had made a constructive contribution to the resumption of negotiations after the Brussels meeting and remained convinced of the need to complete the Round successfully before the end of the year on the basis of a multilaterally agreed package of concessions. The eighth session of the United Nations Conference on Trade and Development would also provide an opportunity for expansion of the emerging consensus. Postponement of the meeting until February 1992 would, he hoped, enable it to discuss the implications of a successfully concluded Uruguay Round. Preparations were in full swing for the United Nations Conference on Environment and Development, to be held in 1992, which should make clear that environment and development were not only reconcilable but inseparable. The EC expected the Conference to adopt an action-oriented agenda for the United Nations system and the world community at large and would promote and support financial and institutional mechanisms for the implementation of that agenda. It welcomed the creation of the Global Environment Facility. The EC was committed to contributing to the further enhancement of international political and socio-economic cooperation.

37. Economically, the past year had been eventful. The Gulf crisis had added to the recession and the economic problems of a number of countries. It seemed likely that world economic prospects would improve later in 1991 or in early 1992 as countries, including the EC member States, recovered from the recession. The impulse given by German unification would continue to operate, resulting in higher effective demand. Continuing efforts towards further European integration and the development

of closer cooperation with EFTA countries and those of Central and Eastern Europe would have a positive effect on the world economy as a whole, and in particular on international trade.

38. The debt problem continued to affect many countries, especially some heavily indebted countries and the poorest countries. New proposals on debt alleviation for the latter were being discussed in the Paris Club. He agreed with the *Survey* that further efforts to alleviate the debt burden were needed. Debt reduction could not replace sound economic policies. It could only complement them. The outflow of capital was a problem in some countries since it limited the foreign exchange available for directly productive purposes and could adversely affect domestic economic performance. In that situation governments tended to overspend, increasing government deficits, monetary financing and inflation.

39. In the wake of the Gulf crisis, initiatives had been taken to start a dialogue between energy consumers and producers, including the Conference which took place recently in Paris. The European Energy Charter initiative was aimed, not at promoting European isolationism, but at harnessing complementarities by creating an enabling environment. The further development of European energy resources would help to stabilize energy markets worldwide, and the availability of better technologies would contribute to cleaner and more efficient use of energy throughout the region, which was in the interest of the whole world.

40. Multilateral trade cooperation in GATT had to be further strengthened. A successful conclusion of the Uruguay Round was imperative. Protectionism should be reduced in the interests of world economic development, and regional integration must remain a complement to and not a substitute for multilateralism. The EC was committed to an open economic system, on which the success of structural adjustment policies critically depended. The growing share of manufactured products in the exports of developing countries was a positive sign and was evident in a large number of sectors.

41. The Community and its member States had devoted considerable efforts to the stabilization of commodity export earnings and had urged other developed countries to take comparable action. If the trend was persistently negative, stabilization through loans did not suffice and the Community had reformed its Stabex and Sysmin compensatory schemes and placed them fully on a grant basis. Commodity-dependent developing countries could, however, work towards less dependence on the primary sector, by diversification and the promotion of further commodity processing by the producer countries. For such measures to be successful, open and transparent markets would be essential. Attention would also have to be paid to tariff structure. IMF and the World Bank, which had evolved from a stabilization to a structural adjustment approach, were keenly aware of the critical dependence of the latter approach on market access and, consequently, of the importance of a well-functioning GATT. On the other hand, the sound development of international economic relations required a stable international financial system.

42. He reiterated the Community's commitment to the internationally agreed ODA targets, including that for the least developed countries, which had been further refined at the Paris Conference. Adequate financial support was an important component of the enabling environment necessary for developing countries to pursue sound national policies. Those countries, especially the least developed, were confronted with severe short- and longer-term problems, which would require the full attention of the international community in the years to come.

43. Turning to the efforts of the developing countries, he said that the Secretary-General's report (E/1991/72) might have made more extensive reference to the need for sound national economic policies, which had the primary role in stimulating development. The report of the South Commission (A/45/810 and Corr.1) was quite specific on that point. There was need for the elaboration of principles reflecting a consensus on effective policy avenues to development. Democracy, good governance, human rights and a sustainable development pattern were particularly relevant. That did not detract from the general recognition that every country was responsible for its own development, and accordingly for the policies it applied, including the priority given to different sectors in public expenditures.

44. Chapter VIII of the *Survey* on some economic aspects of military expenditure in the light of the end of the cold war was a positive sign of the times. Reductions in military expenditure could provide relief to hard-pressed budgets and allow shifts to directly productive categories of expenditure.

45. Mr. BUNNAG (Thailand) said that the 1990s were generally regarded as a watershed in world economic and political history, characterized by collaboration rather than confrontation, which would hopefully result in accelerated development for the developing countries. Most of them still depended on production and trade in commodities and low value-added manufactures which encountered sluggish demand and growing protectionist measures. ODA to those countries had mostly stagnated, while private capital flows, especially from international financial institutions, had dwindled. As a result, economic and social programmes were beset by major uncertainties.

46. The Thai economy had become increasingly vulnerable to changing world circumstances. While market globalization was proceeding apace, the trend towards regional trading blocs was continuing, partly due to the impasse in the Uruguay Round. Underlining the importance to all countries of a free and fair trading system, he urged all participants to exert their utmost efforts to bring the Uruguay Round to a successful conclusion by the end of the year. In that context regional economic cooperation should assist the comparatively weaker developing economies and not lead to the creation of regional trading blocs.

47. Social progress, especially in the quality of life of people, should not be neglected in promoting economic development. His Government continued to do its utmost to promote the Thai people's well-being and to eliminate illiteracy, low standards of living, unemployment, crime and drug abuse. Thailand gave top priority to anti-drug measures, the strategy being aimed at reducing demand as well as suppressing supply. National efforts alone were not, however, enough and Thailand welcomed the international community's growing cooperation in the prevention and control of drug abuse. His delegation supported efforts to improve the functioning of United Nations narcotics agencies.

48. His delegation expressed its appreciation to UNDP, the specialized agencies and the donor countries for their support in the economic and social development process, and reiterated Thailand's readiness to cooperate with the world community in the furtherance of world economic and social development.

49. Mr. SEMICHI (Algeria) remarked that General Assembly resolution 45/264 had enhanced the prospect for the restructuring and revitalization of the United Nations in the economic and social spheres, the importance of which had been reflected in the Special High-level Meeting, held on 4 and 5 July.

50. As the Secretary-General's report (E/1991/72) stressed, the 1980s had seen a weakening of multilateral cooperation. Thorough study was needed of the reasons for neglect of what should be an effective instrument for promoting international cooperation for development—especially at a time of growing world economic interdependence. Experience had shown that the adoption of instruments such as the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Strategy for the Fourth United Nations Development Decade had not always been followed by action. All States Members should honour their commitment to the implementation of agreed policies, including the Declaration and the Strategy. The Council should be enabled to assume in full its central coordinating role in revitalizing multilateral cooperation.

51. The world community must seek to remove the obstacles besetting the precarious economies of developing countries. Action was required not only for the sake of the solidarity essential to international relations, but also for the benefit of all States, of North and South alike. Among the major problems were those of money and finance. The developing countries' external debt, put at $1,300 billion, was an unbearable burden, growing by some 3.25 per cent yearly according to IMF estimates. Other factors included increasingly difficult access to financial markets, unstable terms of trade, rising interest rates and meagre flows of external finance and investment, reflected in a huge net negative transfer of resources. His delegation welcomed the Secretary-General's proposal (16th meeting, para. 21) that the convening of an international conference on development finance should be considered. The developing countries also faced the problem of growing barriers to their exports. A successful outcome to the Uruguay Round was more essential than ever. Everything should be done to enable the eighth session of the United Nations Conference on Trade and Development to maintain a leading role and seek innovative solutions.

52. Since science and technology were more vital than ever to economic and social progress, the developed countries and international organizations should support the developing countries' efforts to acquire and strengthen their own capacity in those fields.

53. Preparations for the United Nations Conference on Environment and Development in 1992 had shown a convergence of views on the global nature of the problems and the need for concerted efforts to deal with them. In particular, problems such as desertification and starvation in the developing countries were on a scale which called for a commensurate level of international cooperation, including adequate additional resources and technology transfer on favourable terms.

54. Regional cooperation was a vector of multilateral cooperation. Growing interdependence in international economic relations, and market globalization, required suitable regional and subregional economic groupings, such as the African Economic Community and the Arab Maghreb Union.

55. As had been stated at the Special High-level Meeting, the developed countries must show solidarity with the countries of the South in their adjustment efforts, in order to avoid a damaging rift in the international community. In that connection, his delegation welcomed the South Commission's realistic and action-oriented report (A/45/810 and Corr.1). The Commission had focused on strengthening cooperation among the developing countries to develop their material and human resources. South-South cooperation, however, was no substitute for North-South cooperation, which was more essential than ever. In that light, the report objectively appraised the set-backs of previous decades, and pointed to a programme of action to which the international community and the United Nations system must contribute with a view to strengthening multilateral cooperation. The report, which reflected the earlier work of the Brandt, Palme and Brundtland Commissions, was further testimony to the influence of independent personalities in focusing on the future of international cooperation. In that connection, his delegation welcomed the Stockholm Initiative on Global Security and Governance, held on 22 April, and its document "Global responsibility in the 1990s" which summarized the findings of earlier commissions and suggested ways of strengthening international institutions. The aim of renewed international cooperation efforts should be economic development coupled with the improvement of human well-being and the quality of life in all societies.

56. Algeria welcomed the growing awareness of such needs in national policies and priorities, based on genuine democracy. The success of such efforts depended on

democratization of the entire multilateral system. United Nations action to promote human rights, through the adoption of international instruments and the establishment of appropriate machinery, must seek to improve awareness of the problems faced by each State and to foster mutual understanding.

57. Education and training were essential to development, in order that society as a whole could benefit from its human potential. United Nations efforts to contribute to that task included moves to integrate women into the development process.

58. The year 1992 would see a change in the organization of the Council's work. The world community's renewed interest in the Council, and the quality of the 1991 agenda, boded well for a more effective approach to the Council's mission.

59. Mr. MAIER (International Labour Office) said that political change in Central and Eastern Europe and elsewhere, disarmament negotiations, the universal acceptance of the United Nations system as a major tool to solve military conflicts, reappraisal of North-South relations, and discussion on a more integrated approach to the work of the United Nations system had inspired hopes of a breakthrough in the economic and social spheres. But the challenges to multilateralism—unemployment, underdevelopment, poverty and economic stagnation in much of the developing world remained as formidable as ever.

60. The discussion was taking place in the context of consensus agreement on two important texts, the International Development Strategy for the Fourth United Nations Development Decade and the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries. The Strategy was an important step in the right direction. It expressed an integrated approach to economic and social development, a recognition that development could only be achieved through efforts at the national level supported by a suitable external environment, resumption of economic growth and progress towards social objectives. ILO welcomed the recognition that the generation of employment and incomes was essential to the eradication of poverty and the importance attached to employment in the choice of technologies and the balance between the agricultural, industrial, construction and service sectors. A strategy could not be judged by economic indicators alone. It was important to ask whether it resulted in a more equitable distribution of wealth, resources and employment opportunities, as well as more stable incomes and higher standards of living for the most deprived sectors. Fuller employment was a powerful means of reconciling the economic and social goals of development.

61. ILO applauded the statement made in the Strategy that human rights and human development were ends in themselves, and that an environment should be provided which supported the evolution everywhere of political systems based on consent, social justice and respect for human rights. Any such system must be based on a social dialogue in which economic policies embodied a coherent social dimension. In that connection, ILO, with its tripartite structure, could make an important contribution.

62. Addressing the International Labour Conference at its seventy-eighth session, in June 1991, the Managing Director of IMF had stressed the need for tripartite dialogue and pointed out that adjustment programmes would succeed only if the social partners felt that the distribution of both the temporary costs of adjustment and the subsequent benefits, in terms of increased real growth, reflected the priorities of society as a whole. It was significant that the African Charter for Popular Participation in Development and Transformation (Arusha, 1990) identified the absence of participation as a major reason for delayed development in Africa.

63. It was encouraging that the OAU Labour Commission had adopted the principle of tripartism and that the decision had been endorsed by the recent Assembly of Heads of State and Government of OAU.

64. The link between economic growth, tripartite dialogue and social progress was valid for all countries. Recent history had shown that when it was ignored economic progress could not be achieved and the grand designs of authoritarian regimes collapsed.

65. ILO was convinced of the significant contribution technical cooperation could make to the implementation of international labour standards and thus, to development in all areas of the world. The two major means of international action—standard-setting and technical cooperation—naturally complemented and reinforced each other. ILO's values and standards constituted the enabling environment of development. If a country sought assistance from ILO in launching an employment promotion programme, for example, ILO would ensure that care was taken to avoid any forced labour or discrimination in access to employment and remuneration and make certain that employers' and workers' organizations participated in the planning and implementation of the programme. That was how to move towards sustainable economic growth.

66. The links between the economic and social aspects of development were particularly important in the context of the discussions on adjustment. The revitalization of economic growth required major adjustment efforts by all countries, but those efforts would not succeed if they were dominated by a purely economic perspective. If high unemployment and social deprivation were regarded as acceptable or necessary for adjustment and economic transition, the entire adjustment strategy might lead back to authoritarianism. The challenge was to ensure that the adjustment process was socially and politically acceptable and just. Efficiency must be combined with equity, ensuring that economic reforms would lead to sustainable social progress. The prevailing conditionality linked with international financial assistance must be complemented by a firm national and international commitment to social protection and advancement poli-

cies as outlined in ILO's basic labour standards. Adjustment was a one-world process.

67. The negative social consequences of the adjustment process would be considerably eased, and higher economic growth rates attained, by acceleration of the disarmament process. The Managing Director of IMF had pointed out at the above-mentioned International Labour Conference that the orders of magnitude for military spending were far greater than those of the transfer of the savings the industrial world needed to provide to support serious structural adjustment programmes throughout the world, and had explained that a mere 20 per cent cut in worldwide military expenditure would have saved $170 billion. ILO was prepared to contribute within its field of competence to the process of *détente* and disarmament in the interests of peace and social progress.

68. The General Assembly, by its resolution 45/264, had taken steps towards the restructuring and revitalization of the United Nations in the economic and social fields. Particular emphasis had been placed on the role of the Council in policy formulation and the monitoring and coordination of the work of the specialized agencies. ILO welcomed that effort and, provided that there was a two-way dialogue between the Council and the specialized agencies in which the Council listened carefully to the views of the agencies' governing bodies, it strongly favoured a revitalized Council.

69. At the same time, it must not be imagined that integrated multidisciplinary approaches to development and global problems would automatically emerge as a consequence of institutional changes of the type envisaged. The organizations of the United Nations system, with their varying mandates and ministerial constituencies, emphasized varying approaches to common objectives. That was a reflection of the polycentric nature of the United Nations system, which had served well. ILO would not favour any coordination imposed on the specialized agencies from above but strongly supported an integrated approach to development based on dialogue.

70. Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that he would take up two of the questions before the Council: how to respond to the danger of an imbalance between savings and investment, and how to ensure that democratization and economic progress went hand in hand.

71. He had commented on the first question during the Special High-level Meeting held on 4 and 5 July. In recent months new sources of investment had become available but there were also new needs. They were additional to the funds needed to stimulate resumed growth in the indebted countries, to increase productivity in the poorest countries and to stimulate economic activity in the industrialized countries. The needs were essential and exceeded the projected level of savings. Normally, an imbalance between savings and investment would be corrected by market forces through higher real interest rates which would discourage some investments, probably to the detriment of the developing countries. The debt service burdens of many heavily indebted countries would be increased, jeopardizing their chance of escaping from their problems through growth. Growth rates in the developing countries, particularly the heavily indebted, would be lower than would otherwise be possible. That scenario was inacceptable and could be avoided if both industrialized and developing countries speedily redoubled their adjustment efforts. Adjustment must be universal, a one-world process, as the Deputy Director-General of the International Labour Office had said. Means of achieving that goal and the magnitude of the effort required were discussed in his written text. In addition to investment already planned, an additional $100 billion to $110 billion needed to be found annually during the next five years. That could be done by reducing unproductive expenditures such as those of prestige; excessive administrative costs; military spending, beyond essential needs; protectionism; and particularly expenditures with perverse external effects. In common with his colleagues from other agencies, he tended to look most closely at military and protectionist expenditures. According to OECD, agricultural support programmes worldwide cost $300 billion, $180 billion of which was for price support. Although savings on protectionism and military expenditure would be gradual, they were feasible and would make any further rise in interest rates unnecessary.

72. On the second question—measures to be taken to ensure that democratization and economic progress went hand in hand—he said that many countries were opening up to pluralism. Impressive progress had been made, and the courage of those responsible in Eastern Europe, Latin America and many African and Asian countries deserved recognition. That progress also provided an opportunity for economic progress. Dialogue, political responsibility and economic effectiveness could and should be mutually strengthened. The representativeness of governments, greater transparency in their action, and the rule of law, generally went hand in hand with the effectiveness of the productive systems and improvement of the living conditions of the people.

73. He could not accept the argument that the new democracies should not be expected to embark on rigorous adjustment programmes. Although the new governments could not impose insupportable burdens on their people, the common sense of the people was greater than might be thought. When political leaders were brave enough to give an objective picture of the state of the economy, explain their decisions and ensure transparency in their management of the economy, the people would understand that hardship was the price that had to be paid to correct the excesses, disorders and inefficiencies of the previous system and achieve a degree of prosperity. A democracy could alleviate the hardships of the poorest members of society but could not completely avoid them.

74. A new democracy needed energetic policies to establish the basic structures for a viable economic system

as rapidly as possible. It needed sustained international support throughout the transition period. That could take the form of technical assistance, in particular, support for the establishment of the transparent administration essential to democracy and economic progress. It also called for continued measures to alleviate debt when debt was an obstacle to growth. In that connection he was aware of the Paris Club's efforts and awaited with confidence the outcome of the Summit-level meeting of the seven major industrialized countries to be held in London from 15 to 17 July. Temporary balance-of-payments support was also needed during the transition period. In that context he referred to the work of the Group of 24, under the leadership of the EC, in 1990 and 1991. The effort needed to be continued for years, as 18 months was too short a time to move from rigid economic systems to a situation in which outside support was no longer needed. In the case of poor countries, outside support should take the form of more generous ODA. Another requirement was an open trading system. Successful completion of the Uruguay Round of multilateral trade negotiations was the number one priority on the economic calendar for 1991.

75. In analysing those problems, he had inevitably referred to the most important tasks on the IMF agenda. He had explained at the Special High-level Meeting the essential focus of IMF's activities, which obviously required resources to be strengthened. Ratification of the increased quotas already decided would enable IMF to fulfil its traditional functions. Forty-five countries had complete programmes in progress and some 70 to 75 countries had programmes in course of negotiation or were carrying out various forms of cooperation with IMF. When countries made every effort to extricate themselves from their difficulties, the support of the international community could be mobilized in their favour. That was one of the most effective forms of international cooperation, and particularly of multilateral cooperation, in which there was a shared responsibility for strengthening the world economic environment.

The meeting rose at 12.25 p.m.

18th meeting

Monday, 8 July 1991, at 3.30 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.18

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued**)

1. The PRESIDENT drew the Council's attention to the report of the Committee on Non-Governmental Organizations concerning requests from non-governmental organizations for hearings (E/1991/111), in which the Committee had recommended that the organizations referred to be heard under the agenda items indicated. That recommendation had been made and approved at a meeting of the Committee at which 7 out of its total 19 members had been present. Under rule 41 of the rules of procedure of the Economic and Social Council, the presence of a majority of the representatives of the members of the body concerned was required for any decision to be made. However, in view of the fact that not all members of the Council were represented at the current session, and that the Committee itself had met only briefly, he suggested that the Council should, as an exceptional measure, approve the recommendation in question.

It was so decided [decision 1991/273, para. 2].

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

2. Mrs. SADIK (Executive Director, United Nations Population Fund) said she would like to make a few comments concerning the central role played by population variables (growth, distribution, age structure, urbanization and migration) in shaping all aspects of economic and social policy. There currently seemed to be an unparalleled consensus, nationally, regionally and globally, on the importance of taking properly into account population growth and other related variables in all policies and interventions related to development, as was shown, for example, by General Assembly resolution 45/216 on population and development. The report of the South Commission (A/45/810 and Corr.1) had stated that the explosive and—in the long run—unsustainable pace of population growth in many countries of the South gave grounds for great concern. The imperative need to bring population growth and distribution into line with available resources and prospects for development had been plainly stated in a number of statements and reports, and

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* Resumed from the 16th meeting.

there was henceforth an unprecedented recognition of the seriousness of population problems. Targets for all areas of population activity, notably fertility and family planning, had become an integral part of both national and international strategies.

3. However, much additional progress in that area was urgently needed. The development efforts of many developing countries were still being hampered by over-rapid population growth, uneven population distribution, uncontrolled urbanization, and massive migratory movements, combined with persistent poverty and unfavourable macroeconomic conditions. The action taken during the 1990s to slow down population growth would to a large extent determine whether the world's current population would eventually double or triple. According to the forecasts, world population was expected to rise from 5.4 billion to 6.5 billion in 2001 and to 8.5 billion in 2025. Virtually the whole of that growth—95 per cent—would take place in the developing countries, the most rapid rise occurring in sub-Saharan Africa.

4. Attention should be focused on a number of priority issues and areas. First, efforts should be concentrated on the effective expansion of family planning programmes, as the best method of lowering fertility and of containing population growth. The UNFPA *State of World Population 1991* report emphasized that such an expansion would require an improvement in the effectiveness and quality of services, as well as a doubling of expenditure on those services.

5. Secondly, the success of population programmes, as of all development interventions, would depend directly on the role played by women. Accordingly, there was need for far stronger and more concerted measures to improve the status and participation of women. As was made clear in the *World Economic Survey, 1991* (E/1991/75), the more women's immense contribution was properly recognized and remunerated, the more likely it was that all other development efforts would prosper.

6. A third priority was to address the increasingly complex issues associated with migration, issues which affected almost all regions of the world. It was noteworthy that the strongest migratory pressures, both internal and international, almost always appeared in countries with a rapid population growth and a slow pace of development. In seeking solutions, therefore, those two related problems in the countries of origin should be borne in mind.

7. Fourthly, attention would have to be given to environmental concerns and to halting resource depletion. The preparatory meetings for the United Nations Conference on Environment and Development to be held in 1992 had shown that the importance of population and environment linkages was being increasingly recognized.

8. Fifthly, the momentum generated in the population sphere had to be effectively translated into action. To that end, increased resources were necessary. The International Forum on Population in the Twenty-First Century, held at Amsterdam from 6 to 9 November 1989, had recognized the urgent need to double resources for population programmes, most of which were being financed by Governments and families in the developing world. In that connection, she noted that the members of DAC had emphasized the need for donor countries to give high priority to population assistance.

9. Stressing the importance of multilateral cooperation and collaboration, she said that UNFPA, for its part, was firmly committed to further expanding its already considerable emphasis on coordination and saw its role as one of strengthening government capacities in that field upon request, while actively supporting the system of United Nations resident coordinators. Coordination was essential since, no matter how effective the efforts of one organization or sector might be, they would be limited unless all parts of the system and all sectors of the national economy reinforced them. The Fund maintained that all United Nations bodies should act as visible and vocal advocates in population matters and that all system-wide programmes should adequately reflect population considerations.

10. Furthermore, there was need for greater integration of the analytical and operational parts of the United Nations system. The valuable expertise and experience accumulated within the different parts of the system should be better disseminated.

11. She recalled that, on 11 July, the world community would, for the second time, observe World Population Day, with a view to focusing attention on the urgency and importance of population issues in the context of overall development plans and on the need to find solutions to those issues.

12. Mr. CHABALA (Zambia), having fully endorsed the statement made by the Observer for Ghana on behalf of the Group of 77 (17th meeting), said that two major points had emerged from the discussions at the Special High-level Meeting held on 4 and 5 July 1991. The first was that the existing configuration of international economic relations was both promising and dangerous, according to the respective economic strength, potential and degree of vulnerability of each individual country in an increasingly interdependent world. The second was that international cooperation in the interrelated fields of trade, money, finance, technology and development could, if promoted under the most liberal conditions possible, ensure greater development, equitably shared and stable, in many parts of the world.

13. However, the emerging trends in international investment flows, the formation of regional trade blocs and global macroeconomic management were clearly at variance with such a scenario. Thus, 80 per cent of foreign direct investment was concentrated in the so-called "Triad", and competition for the remaining 20 per cent between the countries of Central and Eastern Europe, on the one hand, and the developing countries on the other, could easily lead to the emergence of beggar-my-neighbour policies. The fact that the new regional trading blocs were engaged in working out special arrange-

ments with their immediate neighbours signalled an obvious retreat from the ideal of multilateralism.

14. The existing macroeconomic coordination process at the global level, based exclusively on the mechanism of the seven major industrialized countries, still failed to pay due attention to the need for comprehensive cooperation on the economic fundamentals of growth and development. The developing countries still had no effective or equitable participation in the existing institutional decision-making process, notably in the case of the Bretton Woods institutions. In that regard, the governance of the world economy had yet to reflect the democratic values increasingly being championed or the worldwide trend towards pluralism so manifest in national affairs. Lastly, it was also important to stress that the existing discrimination in international manpower flows was contrary to the spirit of the worldwide movement towards free-market principles.

15. In that context it was essential to overcome the institutional barriers to effective multilateral cooperation. Several multilateral initiatives, such as the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, the Second United Nations Conference on the Least Developed Countries, the Uruguay Round of multilateral trade negotiations, the preparations for the United Nations Conference on Environment and Development, etc., offered the international community real opportunities to strengthen such cooperation. In order to utilize them, commensurate political will, especially on the part of economically powerful countries, must be mobilized.

16. The quality and quantity of multilateral aid should be enhanced. CDP had made pertinent recommendations in that regard which, if they were accepted, could strengthen the position of multilateral aid donors as objective agents of growth and development. In that connection, his delegation supported the proposal made by the Secretary-General to convene an international conference on the financing of development (16th meeting, para. 21). Such a conference would also provide an occasion for addressing the negative implications of the external debt burden of developing countries and the net transfer of resources to developed countries.

17. In addressing the issue of strengthening multilateral cooperation, his delegation wished to stress the need also for strengthening the coordination of multilateral assistance by donor agencies at the country level. It welcomed bilateral initiatives in that regard, for example, by the Government of Denmark. Multilateral development institutions must also observe complete neutrality when they provided advice and specialist knowledge.

18. The need to fulfil the commitments agreed upon at the Second United Nations Conference on Least Developed Countries was urgent if there was a real desire to sustain the fight against poverty. CDP had evolved a new set of criteria for classifying least developed countries (E/1991/32, paras. 41-43) and his delegation hoped that they would be endorsed by the Council and subsequently adopted by the General Assembly. Zambia's inclusion in the list of least developed countries—which the Committee recommended (ibid., para. 43)—would go some way towards alleviating the problems the country was facing in the process of initiating certain structural transformations of its economy. He also hoped that initiatives by the developing countries with regard to structural adjustments would be supported as a matter of principle by external financial assistance. The representative of ILO had rightly recalled (17th meeting) that the adjustment process should be socially and politically acceptable and that economic reforms of a type calculated to lead to social progress were required.

19. In the field of energy, international cooperation was also an urgent issue in view of the choices and commitments which countries would have to make. Similarly, the reactivated Uruguay Round should enhance multilateralism. In that regard, his delegation awaited with interest information about the way in which the European Community intended to modify its common agricultural policy, since its decisions would certainly have a significant bearing on the outcome of the Uruguay Round and the liberalization of the multilateral trading system.

20. Other proposals on strengthening multilateral cooperation in international economic affairs also deserved reflection and serious discussion: there was the proposal to create an "Economic Security Council" which could be helpful, provided that it really promoted pluralism in the management of the world economy; there were also proposals to strengthen the expert nature of certain mechanisms, following the example of CDP whose work was always excellent, but, in becoming committees of experts, intergovernmental bodies must not lose their decision-making powers which remained vital. The question of equitable geographical representation continued to be of importance and it must be borne in mind that the African region was underrepresented in the Council. Furthermore, the idea of giving CDP a more important role was interesting but it would be necessary to clarify its relationship with the Department of International Economic and Social Affairs.

21. The atmosphere for decision-making in the economic and social sectors of the United Nations had greatly improved and it appeared that a consensus on major pending issues, including that of external debt was gradually emerging. But the climate of consensus would be useful only if it did not conceal important differences and unresolved issues. General debate must become real dialogue.

22. Mr. SAOUMA (Director General, Food and Agriculture Organization of the United Nations) said that the year 1991, although it had scarcely passed the half-way mark, would go down in history as the year when the United Nations system had had to face emergencies exceptional both in number and in scope. All emergency situations had one dramatic feature in common: food shortages. Emergencies merely served to highlight a

deep-rooted cause of underdevelopment: the poverty of much of the rural population in the third world.

23. Lack of natural resources did not in itself suffice to explain poverty, which was more clearly linked to certain other causes, such as the population explosion or the overexploitation of natural resources, whose aggravating effects, such as desertification, made poverty a vicious circle. The current conditions of international trade were a determining factor also: the prices of primary products exported by developing countries were determined elsewhere and held at very low levels, thus making it possible to contain inflation in the developed countries but causing the producer countries to slide uncontrollably towards absolute poverty and dependence on international aid. The most palpable sign of their progressive degradation was indebtedness: debt-servicing constituted an endless, unavailing labour for the countries of the third world many of which were insolvent but continued to be considered debtor countries, thus barring them from obtaining fresh loans. Much greater resolution was needed to restore balance in international trade and secure a larger share for the developing countries together with an easing, if not complete forgiveness, of their debt.

24. All those factors led to one conclusion and one only—that the poor countries needed more aid, the more urgently since the countries of Eastern Europe had swelled the ranks of the countries requesting assistance. The *raison d'être* of development aid was to render itself unnecessary and thus to disappear, but it must first be adequate in amount and in duration. Yet the aggregate volume of aid was currently tending to decline, the generosity of donor countries showing enormous differences: some countries allocated to government aid for development 1 per cent or more of their GNP and others scarcely 0.2 per cent.

25. By definition, aid precluded immediate returns, because in the resource-poorest countries it could not produce tangible results in the short term. Efforts to protect the environment, for example, could produce benefits only in the long term while, in the immediate future, they entailed a reduction in output and in earnings. Support in that sector as in others must therefore take the form of compensatory payments.

26. In that enormous undertaking, multilateral action obviously had a vital role to play. Emergency situations and the persistence of poverty called for strengthened action by the United Nations system and for adequate means to be made available to meet those needs. However, for some years, strong pressures had tended to restrict the means.

27. He therefore urged redoubled multilateral action proceeding from a coordinated effort pursued in cooperation by the agencies in the system as a whole. But there must be flexibility: all specific problems were interdependent and the competence of several United Nations agencies was often called into play simultaneously. The longer-established agencies had, by and large, a sectoral vocation whereas other institutions of more recent creation were mandated to address problems affecting specific segments of the population or more than one domain at a time, whence the need for ever more efficient coordination within the system itself. In his opinion, it would be a mistake to advocate integration, strengthening the centre and assigning an ancillary role to the specialized agencies in a quest for greater efficiency. At the very moment when the failure of overcentralized systems was evident, such a system should not be set up within the United Nations itself. It was from the centre that an overall appreciation must be made of policies and approaches but it was at the periphery that problems were encountered and it was at the periphery that they must be solved. Polycentrism, which had inspired the very concept of the United Nations system, continued to be its strength and to ensure its relevance.

28. Nor was there any contradiction between polycentrism and interdependence. Whenever a situation called for action by several agencies, the best kind of cooperation and coordination was harmonization. Each agency had its area of competence which gave it a considerable comparative advantage. Greater confidence must be placed in the agencies and, in specific situations cutting across several domains or sectors, responsibility must be assigned to one of them as lead agency to ensure coordination, rather than overloading the centre, which would inevitably become overburdened and eventually paralysed. In the interests of efficient coordination, it was also necessary to curb the current tendency to establish new inter-secretariat or intergovernmental mechanisms, which were burdensome for governments and institutions alike; that tendency also increased the risk of duplication and overlap.

29. In the last analysis, the system functioned to the extent that the Member States wished it to. All too often, however, the latter skimped on resources which were kept below the critical threshold where interventions by the system might have a lasting impact. The problem was essentially a political one: namely, the scope that the Member States were prepared to accord to diplomacy and multilateral action. In the long run, the facts themselves would show that the defenders of the system were right in that many problems could be solved only through multilateral action.

30. Mr. KOZYREV (Union of Soviet Socialist Republics) said that, the cold war having ended, international relations would henceforth be governed by the principle of interdependence. The General Assembly, at its eighteenth special session, had shown its awareness of the transition that had taken place by urging recognition of the universal nature of economic development objectives, and of the link between those objectives and respect for democratic freedoms and human rights. In that connection, he wished to inform the Council that, a few days earlier, the Supreme Soviet had decided almost unanimously that the Soviet Union would accede to the Optional Protocol to the International Covenant on Civil and Political Rights, and would comply with the provisions of article 41 of that Covenant, as well as the provi-

sions of article 14 of the International Convention on the Elimination of All Forms of Racial Discrimination.

31. The world economy was still suffering from grave imbalances in both trade and financial flows, and not only countries but entire regions were suffering ever greater difficulties, as was indicated by the data published in the *World Economic Survey, 1991* and by the conclusions of CDP. The United Nations system could and should play a part in the revitalization of the world economy. The ministerial meetings organized by the Council on various topics constituted one of the ways that that could be achieved, and implementation of the package of measures adopted by the General Assembly in its resolution 45/264 of 13 May 1991 should considerably enhance the effectiveness of the system. Positive results achieved in specific areas should help to make multilateral economic dialogue more dynamic: for example, it would be useful to complete work on a code of conduct for transnational corporations.

32. The Soviet Union, for its part, was already taking practical steps to ensure its full participation in the various mechanisms for multilateral interaction in the economic field. The President of the Soviet Union would shortly be meeting the leaders of the seven major industrialized countries and it was to be hoped that a realistic dialogue would be initiated on that occasion. It was of the greatest importance that the Soviet Union's participation in the work of international meetings or organizations should henceforth go beyond mere ideology and declarations of intent and evidence a willingness to play an active role in the world economy once essential internal reforms had been carried out. The Soviet Union was already participating as an observer in the work of GATT, an exercise which had been helpful to it in deciding what strategic and tactical decisions to take in adopting a market-economy system. In addition, it was in the process of establishing working relations with the World Bank and IMF, believing that participation in the activities of those institutions would likewise help it to integrate into the world economy. All those initiatives were strongly supported by Russia, which often played a locomotive role in bringing about democratic changes in the Soviet Union.

33. The recent crisis in the Gulf region had severely tested the new climate of consensus that had been achieved in international politics. If the situation in the region was to be stabilized, however, steps would have to be taken to bring about profound political and economic transformations there, to end arms shipments, and to lessen the likelihood of military confrontations. Such changes could be irreversible only if genuine disarmament and the transition to a peacetime economy were guaranteed. The opening of a frank dialogue within the United Nations on ways of demilitarizing certain national economies could stimulate governments to study such problems more closely, and to seek the appropriate political decisions. It was not simply a matter of redirecting the use of resources for peaceful purposes, but also of reversing the current trend whereby, when a technological revolution was taking place, many poor countries were being kept out of the world economy.

34. There would shortly be held, under United Nations auspices, a number of meetings of truly global significance. The United Nations Conference on Environment and Development to be held in 1992 would provide an opportunity for consolidating the efforts of the world community to ensure a development which would be at once sustainable and environmentally sound. The United Nations centre for urgent environmental assistance, set up by the Governing Council of UNEP in its decision 16/9 of 31 May 1991, could play a major role in that regard. As was well known, the disaster at the Chernobyl nuclear power plant five years earlier had had global repercussions; accordingly, the action taken by the General Assembly in adopting resolution 45/190 of 21 December 1990, which had set up a system of multilateral exchanges to facilitate the international solution of problems related to the consequences of the disaster, was extremely valuable.

35. Mr. GHEZAL (Tunisia) said he welcomed the fact that the Economic and Social Council had organized a Special High-level Meeting on 4 and 5 July to examine a topical theme which was of general interest to the entire international community.

36. The *World Economic Survey*, which formed the basis of discussion on agenda item 2, had been refined over the years owing to the objectivity and intellectual honesty of its authors and constituted an important reference document.

37. The last two years had been marked by two series of great upheavals. First, during the last months of 1989, the international landscape had undergone unprecedented changes of historic magnitude which no one had suspected to be impending. Next, the Gulf crisis had shaken the world which had been put to a harsh test. Owing to the changes which had occurred in the Soviet Union and Central Europe, ideological confrontation had given way to understanding between East and West. Currently there was genuine interdependence among all countries and on all problems, whether it was a question of security, trade, financial resources, poverty or the environment. Nevertheless, while they had given rise to hopes of liberty in Central and Eastern Europe and to hopes of peace throughout the world, including the developing countries, developments since 1989, far from solving the economic problems of all countries as a whole, had rather heightened the characteristics of the previous situation by revealing clearly the extent of needs and the urgent necessity of finding solutions. In that connection, it sufficed to mention that production had declined by nearly 11 per cent in Eastern Europe. In the developing countries, except for the "dragons", whose growth had nevertheless faltered somewhat, 1990 had witnessed stagnation and even a decline in economic growth. In Africa, economic growth rates remained below population growth and the problem of poverty continued unchanged.

38. Debt-reducing measures were commendable but clearly inadequate. Countries with intermediate incomes, particularly those, like Tunisia, in the lower segment of the category, had had their difficulties completely ignored. The negative flow of resources, including those to the World Bank and IMF, continued to weigh heavily on the balance of payments and the capacity for growth of the developing countries. The increase in interest rates and monetary fluctuations added to their debt burden. His delegation deplored the fact that the international community continued to pay so little attention to the Craxi report (A/45/380, annex). Developing countries could mention many other unfavourable external factors, in particular protectionism and the establishment of powerful trade and economic blocs in the North and the deterioration of the terms of trade in the South.

39. The determination of Africa to rely on its own strength was not mere lip-service. Some 30 African countries had undertaken structural adjustment programmes and were endeavouring to reorganize and rationalize the management of their economies. The rough outlines of a continent-wide common market were even beginning to emerge. As a party to that process, Tunisia had been resolutely applying since 1990 a structural adjustment programme simultaneously with the institution of a pluralist democracy guaranteeing respect for human rights and fundamental freedoms. It was also participating in the construction and economic integration of the Arab Maghreb Union. It was, however, hampered by two obstacles. In the first place, it was not benefiting from any debt-alleviation measure which would enable it to surmount its increasing difficulties in that sector. Secondly, as a financial partner of Kuwait and a trading partner of Iraq, it had suffered from the sanctions imposed by the Security Council at the time of the Gulf crisis. In that connection, Tunisia hoped that future editions of the *World Economic Survey* would analyse the economic situation of Africa and of the Arab Maghreb Union.

40. The developing countries were primarily responsible for their own economic growth but, because of all the external factors which came into play, part of the responsibility lay also with the industrialized countries, with the multilateral financial institutions and with the United Nations. Growth prospects in the world economy were hardly bright but the industrialized market-economy countries had the resources to meet both the needs of Central and Eastern Europe and those of the developing countries, particularly since the end of the cold war could result in the "peace dividends", finally becoming a reality. Furthermore, the North must acknowledge that it too would have to make structural adjustments and that the determination which the international community had exhibited in the Gulf crisis would have to be displayed again in the struggle against underdevelopment.

41. Mr. WANG Baoliu (China) said that the world economic situation scarcely lent itself to optimism. The growth of world trade had slowed down again in 1990 and the expected recovery in the industrialized countries was likely to be both slow and modest. The developing countries had seen their economic situation deteriorate and had not recorded any improvement in respect of external debt, trade and financial resources. The Gulf war had accentuated those difficulties and the changes that had occurred in Eastern Europe and the Soviet Union had made the course of the world economy more complex. It was to be hoped, therefore, that the Council's deliberations would lead to increased common understanding among various parties on the necessity and the means to strengthen multilateral economic cooperation, particularly in the context of growing integration and interdependence.

42. The problems of world development, the role of science and technology, the development of human resources and the problems of poverty and the environment were arousing increased interest, but it had to be said that, in certain important fields, multilateralism was if anything on the decline. Many major principles had been rather neglected and the lack of coordination in the macroeconomic policies of the industrialized countries had had considerable repercussions on the developing countries. Commitments to ODA were rarely honoured, there was a flight of private capital from the developing countries and protectionist practices were developing together with discriminatory measures against developing countries, so that assistance was increasingly accompanied by conditions whose purpose was strategic and geopolitical.

43. The international community was not short of major principles capable of directing its action towards strengthening multilateral economic cooperation and fostering the growth of the world economy, and particularly the development of the developing countries. What seemed to be somewhat lacking hitherto was foresight and political will. It was not a matter of charity towards a group of countries, since the gulf which steadily deepened between North and South was in nobody's interest and it could not be filled unless the developing countries enjoyed a favourable economic climate. On the contrary, it was of vital interest to everybody that the world economy should be better managed and that macroeconomic policies should be coordinated. Sound management of the world economy must be juster, fairer and better synchronized with world economic changes and, in particular, with the special needs and concerns of the developing countries. Coordination of macroeconomic policies should make healthier and better balanced world growth possible and ensure that the major economic variables were more stable and evolved in a more equitable way.

44. Donor countries were asked to honour their commitments in respect of ODA while the multilateral financial institutions were asked to increase, as a matter of urgency, their capital contributions. Furthermore, solutions to debt problems must be fairer and accompanied by more favourable conditions. All countries had an interest in the multilateral trading system remaining open and based on reciprocity and non-discrimination. The Uruguay Round must produce a balanced result, including special treatment for the developing countries. Finally,

the strengthening of multilateral economic cooperation must be achieved in respect for the sovereign right of every country to choose its development model. Political conditions and intervention in the internal affairs of other countries by means of assistance and cooperation were a violation of the fundamental principles of multilateralism. In any event, the United Nations had an irreplaceable role to play in strengthening multilateral economic cooperation and improvements in its functioning, its working methods and its efficiency would enable it to play that role more effectively.

45. Mr. BREITENSTEIN (Finland), speaking on behalf of the five Nordic countries, said that it seemed that the world economy would shortly emerge from recession, the growth rate forecast for the OECD countries in 1992 being close to 3 per cent. As the Director-General of IMF had observed (17th meeting), recovery in the economies of the industrialized countries was of the greatest importance for the developing countries. Though that was so, it was clear that international economic cooperation was not functioning as it should. With the end of the cold war, the United Nations had achieved unprecedented successes in the promotion of peace and democracy but its action in the economic and social fields did not seem to be commensurate with current problems and challenges, whence the importance of the discussion on strengthening multilateral economic cooperation and on policy coordination. Countries were becoming increasingly aware of the constraints of a national framework, and pragmatism and consensus-building had replaced ideological discussion, as evidenced by the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, the Programme of Action for the Least Developed Countries for the 1990s, the International Development Strategy for the Fourth United Nations Development Decade and the agreement on the process of reform of the Economic and Social Council.

46. The United Nations system had developed in a rather incoherent way as a result of ad hoc reactions to new needs. The reforms hitherto undertaken had addressed only management and administration; the system clearly remained unsuited to the fields in which the United Nations enjoyed, in principle, a major comparative advantage: the fight against poverty, the development of human resources, sustainable and environmentally sound development, population problems and the consequences of natural and man-made disasters. It was in those fields that the system particularly required strengthening. As things stood, the idea of the United Nations as a world parliament did not have an optimal impact in the economic, social and related fields. There was, therefore, a temptation to replace the current hierarchical system by a reshuffling of powers and responsibilities between a political level, a management level and an operational level. The political level and overall management would rest with the General Assembly. However, if its resolutions were to have greater political impact, the Assembly should pronounce only on issues of decisive importance in the economic and social fields. The Economic and Social Council would also be a decision-making body but at a level closer to operational activities, to problems of international economic cooperation and to national and sectoral policies. Promotion of the development of developing countries would be at the heart of the Council's deliberations but, in view of their repercussions on the world economic environment, the policies of the industrialized countries should also be examined in order to cover all the areas of mutual interest and the common objectives.

47. In 1988, Denmark, Finland, Norway and Sweden had decided to consider jointly the contribution they could make to the discussion on reforming the United Nations in the economic and social fields, mainly at the operational level. They had worked out a series of proposals and ideas that could be further refined by all the parties to the reform process. Among other specific proposals, the Nordic plan suggested the establishment of a new form of management for the operational activities of the United Nations system, on the model of a board of directors. Universal and egalitarian participation and representation were of capital importance but the existing system had become virtually impossible to administer. Smaller management bodies could give more continuous direction and support to the Secretariat in the management of activities at the operational level. Beneficiary countries would, of course, be strongly represented on such bodies.

48. The Nordic countries were also putting forward the idea of an international development council, which would enable Member States at last to have at their disposal a forum to discuss development issues at a high political level, for example, that of the ministers responsible for development cooperation, and to establish the guidelines for the United Nations operational activities. If the reforms relating to the Economic and Social Council, on which agreement had been reached at the resumed forty-fifth session of the General Assembly, were carried out with determination, the Council could become such a forum.

49. The Nordic plan also contained a certain number of ideas about the United Nations method of financing the operational activities of the system, which should be improved and strengthened since increasingly large sums were required not only for development but also to finance emergency operations, repatriation programmes, supervision of elections, etc. In the view of the Nordic countries, it was imperative to find new ways of obtaining increased financial resources for the United Nations system. Lastly, in view of the extent of natural disasters and political unrest and the number of victims of such phenomena, the problem of emergency assistance was becoming a matter of top priority and the needs in that field had considerably increased. It was essential for the United Nations, with the help of the Member States, to acquire a permanent capacity to intervene rapidly and effectively so as to be able to provide well-coordinated humanitarian assistance within the United Nations system as a whole.

50. Mr. KRÁLIK (Czechoslovakia) said that Europe and the continents with which it had historic links were moving from a Manichean bipolarity towards a new organization of relations in Europe and in the world. The architecture of that new organization had been described in different ways, by President Gorbachev, who had spoken of a common European home, by President Bush, who had suggested that a new world order should be established and by President Mitterrand, who had launched the idea of a European confederation. All those ideas and suggestions conjured up the vision of a system in which the substantial increase in the exchange of information and the introduction of advanced technologies into the transcontinental economic potential would intensify interactions of unprecedented scope among the democratic States.

51. The nations of Czechoslovakia, which since the eighth century had contributed to the rise of the highest values of European culture, owed it to themselves to participate in the establishment of that new world system based on equality, democracy and plurality. Furthermore, the close cooperation demonstrated by the coalition States during the Gulf war had proved that the international community could join forces when necessary. The time had come to take up the challenge to re-evaluate the old cooperation infrastructures and institutions and to find more flexible and secure mechanisms.

52. The preparations for the United Nations Conference on Environment and Development offered new opportunities to establish new cooperation mechanisms within the international community. The concept of sustainable development had become the leading principle and the common standard of national policies. Efforts in the economic, environmental and humanitarian fields should be centred upon the survival and development of the individual and the quality of his life.

53. With regard to emergency and disaster relief, the United Nations system had an irreplaceable role in providing humanitarian assistance. In particular, his Government was grateful to the various bodies which had co-operated to alleviate the consequences of the Chernobyl nuclear accident. Consequently, it did its best to support the activities of organizations such as UNDRO, UNICEF, UNFPA and WHO.

54. ECE, in which Czechoslovakia was interested for geo-economic reasons, had undertaken a fundamental restructuring of its interests and basic tasks. His delegation deemed it important that interregional projects should be financed directly from the central budget of the United Nations or with financial participation of the United Nations agencies or institutions involved. It also greatly appreciated the fact that a flexible and pragmatic work method had been chosen—workshops for example—to assist the countries that were making the transition to a market economy. It was pleased that the various international organizations respected the important place of ECE in priority sectors such as the environment, transport, statistics and economic analysis.

55. A Europe divided between a "Europe of the poor" and a "Europe of the rich" would be no better than the Eastern Europe and Western Europe of the past. Sooner or later, a new form of confrontation and rivalry would develop that would bring prosperity to nobody. On the contrary, it would render impossible the creation of a new and balanced world system, based on a partnership of equals. It was important to strengthen the relations of the existing great European institutions among themselves as well as with the Conference on Security and Cooperation in Europe and the States participating in it that were not members of those institutions. A new system of bilateral agreements between the countries of Central and Eastern Europe and the establishment of a framework based on agreements between the key European institutions and between those institutions and the non-member States would bring greater stability to the region.

56. To conclude, he expressed the hope that the countries of Central and Eastern Europe, which had suffered at different moments of history, would play the role of active creators in the new era which was dawning for mankind.

57. Mr. KRAVCHENKO (Observer for the Byelorussian Soviet Socialist Republic) said that he was pleased that the agenda of the current session of the Economic and Social Council reflected the dynamic process of the radical reforms taking place in the world, with the successes, difficulties and contradictions they were experiencing.

58. Among the key factors that had contributed to the establishment of an improved international climate were the political, social and economic reforms that had begun in the Soviet Union and in the countries of Eastern and Central Europe, the end of the cold war and the fact that the two greatest nuclear powers had moved away from confrontation to cooperative relations. The beginning of real disarmament, the elimination of ideological factors from the relationships between States and the development of the integration process in Europe were also significant. On the other hand, in the economic sphere, as the Secretary-General had pointed out in his statement (16th meeting), the gap continued to widen between the industrialized countries of the North and the developing countries of the South, where not only had real per capita income not increased but had even decreased. In those circumstances, it was particularly important to strengthen the United Nations capability to react so as to control the dynamic forces at play in the world, to intensify its role in preventing conflicts and to establish the foundations of broad international cooperation.

59. His delegation attached great importance to the discussion of the world economic situation in the Economic and Social Council. That kind of discussion was indispensable to strengthen the Council's role and effectiveness as the body responsible for economic and social matters within the United Nations and which was thus called upon to devise political and practical recommendations to help Governments overcome their economic

and social problems. His delegation approved of the conclusions contained in the *World Economic Survey, 1991* and, in particular, the conclusions in chapter VI on the countries in transition in Eastern Europe, including the Byelorussian SSR.

60. The Byelorussian SSR was currently shifting from a planned economy to a market economy and was therefore experiencing the same problems as those of all the other countries of Eastern Europe, namely, recession, a decline in investment, an upsurge of inflation and the emergence of unemployment. In order to overcome the crisis, it would rely on the principles of the Declaration on the Sovereignty of the State of the Byelorussian SSR which should enable it to move swiftly from a centrally planned system to a market economy. Like other countries, it believed that one important condition of the success of that transition was the full functioning of social institutions and the protection of human rights and fundamental freedoms. In that connection, he said that his country intended to ratify the Optional Protocol to the International Covenant on Civil and Political Rights at the next session of the Supreme Soviet of Byelorussia. Other measures would be taken, such as the privatization of the economy, the recognition of various forms of property and the stimulation of economic activity and entrepreneurship. The Byelorussian SSR had passed a law on the national bank declaring the banking system independent and it was in the process of drafting a bill on securities and joint-stock companies. It had also passed a law on employment to regulate the job market.

61. Decentralization and privatization of the economy were essential measures to ensure the transition to a market economy and to enable the country to be integrated into the world economy. Measures had been adopted to attract and protect foreign investment and to create free-trade areas. Foreign businessmen were entitled to open accounts in roubles in Byelorussian banks and invest in the national economy. The law governing that matter was, incidentally, the first of its kind adopted in the Soviet Union. In addition, over 400 enterprises and organizations had been authorized to engage in business on the foreign market. However, there were a number of factors—such as the shortage of energy potential—which were hampering the transition to a market economy. The situation was not yet critical but the construction of two nuclear plants had been halted after the Chernobyl tragedy, and, sooner or later, that would affect the country's energy balance. In that connection, the Byelorussian SSR attached great importance to the proposal by the Prime Minister of the Netherlands, Mr. Lubbers, to create a single European energy system and was also keenly interested in the energy programme of ECE. His Government intended to send a communication to ECE on that subject in the near future.

62. In the light of the growing interdependence of national economies, it had become increasingly vital to coordinate the economic policies of the States in order to ensure sustainable development of the world economy. The role of the multilateral mechanisms of the United Nations system, including the Council, should also be strengthened and everything possible should be done to resolve the most acute problems in both East-West and North-South relations.

The meeting rose at 5.45 p.m.

19th meeting

Tuesday, 9 July 1991, at 10.20 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.19

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. KIBRIA (Executive Secretary, Economic and Social Commission for Asia and the Pacific) said that the region had been affected by external and domestic difficulties. In the developed countries, economic growth had slackened by 1989 with a consequent slow-down in the growth of world trade. The Gulf conflict with its adverse effects on oil prices, trade, tourism and the flows of labour migration and remittances had placed additional strains on many economies of the region, resulting in a worsening balance-of-payments situation and a 1 to 2 per cent reduction in the potential GNP of some of the worst affected countries, such as Bangladesh, India, Pakistan and the Philippines. The uncertainties had been compounded by natural disasters in several countries, the effects of which were still being felt in Bangladesh and the Philippines.

2. The lack of agreement in the Uruguay Round of multilateral trade negotiations, the growing threat of protectionism, the trend towards the regionalization of international trade, and the far-reaching economic and political changes in the Soviet Union and Eastern Europe had heightened the uncertainty and dampened prospects for continued growth based on traditional export-led strategies. Rates of export growth of the region's developing countries had slowed from an annual average of 18.6 per cent in 1985-1988 to 12.6 per cent in 1989 and 1990. The region's average rate of economic growth had also slowed to 5.4 per cent in 1989 and 1990 from the 7 per cent of the 1980s, the slow-down being greatest in some of the highly trade-oriented economies. Domestically, the rapid growth rates in many countries in past years had exposed the inadequacies of basic economic and social infrastructures. Increased domestic expenditure on both consumption and investment to maintain growth in the face of the weakening impetus of export-led growth, was increasing balance-of-payments deficits in many countries. Although only one country had a serious debt problem, external debt, with continued high interest rates, demanded greater attention. The developing region had nevertheless maintained a reasonable level of growth in 1990 although growth had been weaker in the oil-importing countries.

3. Infrastructure development was an area of potential government intervention. Although their intervention need not be direct if private-sector investment was forthcoming, governments had a responsibility in that regard, and investment in social infrastructure, especially education, health services, and urban and human resources development, required supportive government policies. If not redressed, infrastructure weaknesses would retard the process of development. That was the message of the *Economic and Social Survey of Asia and the Pacific, 1990* and the study on the theme topic for the forty-seventh session of the Commission: Industrial restructuring in Asia and the Pacific, in particular with a view to strengthening regional cooperation.

4. At the session it was evident that the ESCAP countries were interested in securing the economies of scale and other benefits Europe and North America were seeking through their current initiatives. A consensus appeared to be emerging in favour of renewed efforts to strengthen regional economic cooperation while safeguarding an open multilateral trading system.

5. Industrial restructuring, which had been both a cause and consequence of the rapidly changing pattern of intraregional and interregional trade, had distinct regional dimensions. New vistas had opened up for cooperation in such fields as technology transfer, foreign investment, trade, human resources development, energy conservation and the development of small-scale industries. The Seoul Plan of Action for Promoting Industrial Restructuring in Asia and the Pacific, adopted by ESCAP in its resolution 47/2, reflected the interest in taking advantage of the restructuring under way and gaining momentum aided by policy reforms, including industrial deregulation, initiated by a number of countries.

6. A number of the Commission's decisions reflected the consensus on strengthening regional economic cooperation and a desire to reorientate the Commission's work. The Fourth Asian and Pacific Ministerial Conference on Social Welfare and Social Development, to be held in October 1991, would consider a regional social development strategy towards the year 2000 and beyond while the Fourth Asian and Pacific Population Conference to be held in 1992 would have as its theme, population and sustainable development: goals and strategy into the twenty-first century. The Meeting of Ministers of Industry and Technology to be held in 1992 would seek to further intraregional cooperation for the development of an industrial and technological base, and the Meeting of Transport Ministers would be concerned with upgrading the region's transport infrastructure. The Commission had adopted resolution 47/10, on reorienting the programme for the Transport and Communications Decade for Asia and the Pacific, 1985-1994, with the same objective. It had also decided to set up an "urban forum" bringing together representatives of governments, non-governmental organizations, the media, academia and research and training institutions to seek solutions to the region's problems of urbanization. The first meeting would be held in 1993. A ministerial conference on the topic would meet in 1992. The theme topic for the forty-eighth session of the Commission would be "Regiona economic cooperation in the ESCAP region: prospects priorities and policy options".

7. The Commission had decided to reorganize its intergovernmental subsidiary structure. The Group of Eminent Persons appointed to consider the issue had met under the leadership of Mr. Okita of Japan and recommended three major themes: regional economic cooperation, environmentally sound and sustainable development and poverty alleviation and economic growth, around which much of ESCAP's work would revolve. The Commission had endorsed the Group's report and adopted resolution 47/3 on reorganizing the intergovernmental structure subsidiary to the Commission. A multidisciplinary approach to complex development issues had been approved. In addition to the technical committees dealing with specific subjects, the Commission had endorsed the establishment of two bodies to deal with the special needs of the least developed and island developing countries. The Commission would deal with operational aspects of its subsidiary structure at its forty-eighth session.

8. The multidisciplinary approach would require closer coordination within the secretariat and with other United Nations agencies. In addition to the inter-agency task forces or committees on water, integrated rural development, human resources development, transport and communications, and youth, the Commission had endorsed proposals for inter-agency committees under ESCAP auspices on the environment, health and the integration of women in development. The arrangements were being made in pursuance of General Assembly resolution 32/197 of 20 December 1977 on the restructuring of the

economic and social sectors of the United Nations system.

9. In that context, he drew the Council's attention to the fact that the traditional differences between the roles of funding and operational bodies were being eroded, primarily because of the eagerness of funding bodies to undertake operational responsibilities. The concerns expressed in ECA resolution 706 (XXVI) on UNFPA's multidisciplinary team approach were fully shared by ESCAP.

10. As requested by the Council, the Commission had reviewed the Transport and Communications Decade for Asia and the Pacific and recommended recasting the Decade's programmes for the remaining years. He hoped the Council would take Commission resolution 47/10 into account and see that the Commission received the funds to discharge its increased responsibility. The revised programme would aim at strengthening cooperation between ESCAP and ESCWA and seek to enlist the continued cooperation of all the United Nations bodies and specialized agencies concerned. Special attention would be paid to the problems of the least developed, land-locked and Pacific island countries. Continued cooperation and funding from UNDP would be vital for the Decade's success.

11. In responding to the demand from the region's developing countries for technical assistance, the secretariat was constrained by resource limitations. He hoped the Council would take up that question.

12. Over the years, the ESCAP countries and funding agencies had provided substantial funds on a voluntary basis. At the forty-seventh session, 23 developing country members and associate members, 4 developed country members and 2 observer countries had pledged a total of $17.33 million in cash and kind for the Commission's regional institutions and work programme in 1991, 9.5 per cent more than in 1990. The many meetings and conferences hosted by member countries were also evidence of the Commission's relevance to their needs and the Commission was reorganizing to meet the challenges of the new century. Regional activities had, however, to be sustained by a favourable global economic climate, and in that context, the continued support of the Council would remain vital.

13. Mr. ADEDEJI (Executive Secretary, Economic Commission for Africa) observed that the Council had consistently supported the major initiatives on behalf of Africa brought before it by the Commission. In that connection he mentioned the First and Second Transport and Communications Decades for Africa, the First and Second Industrial Development Decades for Africa, and the mobilization of support for Africa which had culminated in the thirteenth special session of the General Assembly in 1986. He hoped the Council would build on that tradition.

14. In preparation for his departure from ECA, he had made a series of statements on questions of development policy in the 1990s, the restructuring of Africa's nation States and societies, the achievement of greater stability and security, the prospects for post-apartheid South Africa and the probable consequences of integrating the country into the African economy. The statements had focused on what Africa must do to prepare itself for the next century. He wished to turn to what the international community could and must do to assist Africa in implementing those policies.

15. Although marginalized and peripheral, Africa was part of the global economic system and, while the rest of the world might forget Africa, Africa could not afford to do without the international community. Africa's economy was largely a legacy of colonialism and neocolonialism and did not provide a foundation for sustainable development. The long-term perspective was more important. A world that turned its back on a continent with such great potentiality in natural and human resources would be the poorer for it and would operate well below its productive possibilities. It would also be a poor world that failed to maximize the welfare of mankind.

16. The years 1990 and 1991 might go down in history as the beginning of transformation in Africa. In February 1990, Nelson Mandela had been released after 27 years in jail, and the African Charter for Popular Participation in Development and Transformation had been adopted. The Charter affirmed that nations could not be built without popular support and the full participation of the people, and that the international community should examine its own record on popular participation and support indigenous efforts to promote the emergence of a democratic environment. In May 1991, the Charter had been followed by the Kampala Document on security, stability, development and cooperation in Africa, and in June 1991 the African Heads of State and Government had signed the treaty establishing the African Economic Community. The year 1991 was also the year of the final review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.[1]

17. Africa's hopes of establishing dynamic, prosperous, self-reliant and independent economies as true partners in the world economic system could not be realized without strong, increased and sustained support from the international community, including relief from the impact of exogenous factors such as the collapse of commodity prices, adverse terms of trade, the stagnation and decline of ODA and external indebtedness. In order to consider the complementary role the international community could play in preparing Africa for the twenty-first century, its past and current roles should first be reviewed.

18. The African Charter for Popular Participation called on the international community to examine its own record in Africa. Exogenous factors, while clearly not to blame for all Africa's difficulties, did have a huge impact on Africa's political economy and were one reason for the convening of the thirteenth special session of

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[1] General Assembly resolution S-13/2, annex.

the General Assembly and for the adoption by the General Assembly of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. The Programme of Action recognized the need for the international community to supplement African efforts in view of the serious outside constraints over which Africa had no control, as well as the need for action to eliminate protectionism, increase ODA, support the priorities and policies Africa had identified as necessary, and deal with commodity issues. The international community had noted Africa's need for an additional $9.1 billion a year between 1986 and 1990 and had undertaken to ensure predictable external resource flows.

19. The world community's response had fallen far short of needs and expectations. The additional resources had failed to materialize and total net resource flows to Africa had declined from $25.9 billion in 1986 to $22.6 billion in 1989. ODA, in real terms, had remained more or less constant at an annual average of some $16.5 billion. Export credits had fallen from $2 billion in 1985 to $800 million in 1989 and private flows had declined from $6.7 billion in 1986 to $3.5 billion in 1989. Africa's share in bilateral ODA from DAC donors had remained constant, sub-Saharan Africa's share having increased slightly. ODA from non-DAC donors had declined. Although support from World Bank and IMF programmes had increased, outflows from Africa to the Bank during the period had reduced the net transfer to Africa to $4.9 billion. IMF total net credit, which had averaged $1.7 billion between 1981 and 1983, had fallen in 1984 and 1985 and become negative since 1986, with an annual average of minus $600 million between 1986 and 1989. Moreover, as the ECA Ministers had pointed out, the conditionality of World Bank and IMF support gravely limited access to funds.

20. AfDB, on the other hand, had been able to expand its lending during the period to $12.1 billion and had endeavoured throughout to give top priority to agriculture and its ancillary sectors. It had also financed projects relating to economic integration, environmental protection, women in development and population activities.

21. Despite various initiatives by the world community, Africa's debt had risen from $204 billion in 1986 to $272 billion in 1990. Debt had risen from 54 per cent of GDP in 1986 to 109 per cent in 1990, when the ratio of debt service payments to export earnings had exceeded 30 per cent, the figure for scheduled debt servicing in that year being 46 per cent.

22. Nor had the external trade situation improved. Although export volumes had increased by 7.5 per cent between 1986 and 1990, export earnings had fallen by 12.5 per cent. Not only had commodity markets failed to improve, but Africa had received very limited support in its efforts to diversify. The compensatory financing measures called for under the United Nations Programme of Action for African Economic Recovery and Development had not materialized and market access for African exports had not changed significantly. Although the Programme of Action had not been legally binding on the international community, the poor response had none the less generated a sense of betrayal. It was imperative to forge a new compact, but in doing so both sides must learn from past experience and fully recognize current geopolitical realities, opting for realism rather than pessimism and recrimination.

23. The new compact must first of all be binding on Africa and the international community. Despite the assertion, in the Programme of Action, about Africa's commitment to providing the necessary framework for long-term self-sustaining development and growth, and the international community's commitment to make every effort to provide sufficient resources in support, the major donor countries had clearly not accepted the Programme as a binding obligation. After adoption in principle by the General Assembly, any new compact should be the subject of deliberation and approval in the capitals of both donor and African countries.

24. Secondly, the compact must unequivocally state specific goals, obligations and measures, to be accepted by both sides and in quantitative terms wherever possible. A promise to pursue socio-economic transformation was not enough. Donors must state specific targets and time-frames, including a minimum level of net external inflows over a given period. Doing too little too late was frustrating to both sides.

25. Thirdly, there must be mutuality of interest and benefit. With the emergence of the new world political order, there were vital interests that should impel the North to ensure that Africa did not become a permanent economic underdog. The reduction of conflict and instability, the protection of the environment and the reduction of migration from Africa to Europe, as well as secure access to strategic minerals, should also be matters of interest.

26. Lastly, the compact must have a realistic implementation programme capable of being regularly monitored by means of an appropriate mechanism at government level, in which both sides participated on an equal basis, together with some form of sanctions for non-performance. Above all, each side must be allowed to formulate its part of the bargain before negotiation began.

27. Although African Governments and peoples must assume primary responsibility for their own development, the task of engineering the continent's socio-economic breakthrough required a degree of support which posed great challenges to the North, particularly the countries of Western Europe and North America. The African Governments, in adopting the African Charter, had committed themselves to putting people first. The question was whether the donor countries would provide adequate material and technical support, since, unless there were immediate improvements in standards of living and the socio-economic transformation process showed signs of being sustained, the move to greater democracy might be not only halted but reversed. As a corollary, any political conditionality by the donor countries

could, by creating an impression of external imposition, thwart the indigenous democratic forces.

28. The African situation should impel the international community to take steps to improve international economic management. As the former Commonwealth Secretary-General, Mr. Shridath Ramphal, had said in the ECA Silver Jubilee Lecture, recognition of mutual interests was not leading to fulfilment of mutual needs but to reliance on self-assertiveness and in some respects the feudal mentality was being acted out at the global level. Because of its fragility, the African economy was in danger of being trampled underfoot, largely because of the way the international economy was currently managed.

29. More equitable and rational global macroeconomic policy was urgently needed. Better parity management of exchange rates was required to bring about a more stable exchange rate system to end the volatile rates and currency speculation that had hampered trade and production. Domestic policies and economic management would have to be better coordinated in the world's leading economies to avoid world inflation. Greater trade liberalization and less protectionism were needed, coupled with commodity agreements aimed at removing the uncertainties over future prices for primary commodities of interest to developing countries of the South, particularly Africa. The speedy conclusion of the Uruguay Round and integrated reform of the world's monetary, financial and trade-regulating international institutions to make them more responsive to the needs of all regions were essential. The OECD countries should democratize the international economic system and live up to the challenge of their vast and unique economic power by assuming responsibility for the healthy functioning of the world economic system.

30. The PRESIDENT expressed the Economic and Social Council's warm appreciation to Mr. Adedeji, who was making his last appearance in that body as Executive Secretary of ECA. The Council had benefited considerably over the years from his participation and from the reports prepared under his direction. He wished Mr. Adedeji a future of peace, democracy and prosperity for Africa, in which he would undoubtedly continue to play a key part.

31. Mr. JABER (Executive Secretary, Economic and Social Commission for Western Asia) said that the year just ended had been the most difficult in the recent history of Western Asia. All the peoples of the region, particularly those of Kuwait and Iraq, had suffered a total economic and social tragedy. Millions of people had been displaced and deprived of work and income. Factories and public buildings had been destroyed and trade and transport disrupted. The region had been drained of economic and financial resources and confronted with economic, social, environmental and political problems that would give rise to further social upheaval and friction unless prompt collective efforts were made to solve them.

32. The conflicts in the region in past decades had created frustration, tension, violence and irrationality. Israel's occupation of the Palestinian and other Arab territories, Lebanon's ordeal of occupation, armed confrontation and destruction and the consequences of the Iraq/Iran war had weakened the region's capacity to tackle the basic issues of development. The peoples of the region had suffered greatly and sorely needed international support in order to settle existing conflicts. The region could not tolerate indefinitely the state of frustration, violence and instability resulting from persistent conflict which could, if unresolved, give rise to violence, social conflagration and consequences going beyond the borders of the region.

33. The Gulf crisis and war had broken out at a time when the economies of Member States had begun to improve following the slow-down throughout most of the 1980s. The GDP growth rate of 3.3 per cent in 1989 was double that for 1988 because of the rise in oil revenues in the States of the Gulf Cooperation Council and the revival of the industrial and service sectors. That trend had continued in the first half of 1990 although oil prices had begun to fall sharply and the foreign debt burden had forced some countries to implement restructuring policies resulting in falling living standards and higher unemployment. The occupation of Kuwait and the subsequent outbreak of hostilities had dealt a severe blow to the economic activities and infrastructures of Kuwait and Iraq. The negative impact would be felt for many years to come. Other countries of the region and many developing countries in Asia, Africa and Eastern Europe had also felt the consequences of the crisis.

34. The region's GDP had fallen 5 per cent in 1990 as a consequence of the Gulf crisis. The most important effects of the crisis had been: the destruction, in Kuwait and Iraq, of economic resources and infrastructural projects, reconstruction of which would cost at least $25 billion in each country; the cessation of oil production, apart from limited quantities for local consumption, leading to higher world prices and increased costs for importing countries; the forced repatriation of 2.6 million workers depriving their countries of remittances and increasing unemployment rates; the burden of a sizeable part of the Gulf war costs, which had exceeded the increase in oil revenues; interruption of the financial assistance provided by Arab Gulf States to some other countries of the region; the halting of trade with Iraq and Kuwait as a result of the economic embargo, which had led to a fall in some countries' exports; human and social suffering caused by occupation, war, migration, school and university closures, war imprisonment, disability, murder, etc.; the environmental and health effects of oil spillages, oil-well fires, drinking water pollution, medicine shortages and malnutrition; and a considerable reduction in service sector activities, particularly in transport, tourism and banking, together with a flight of capital from the region.

35. In order to deal with those unfavourable effects and their far-reaching consequences, the bases of regional cooperation would have to be laid anew and a just

settlement found to existing conflicts. The 1990s must be considered a decade of reconstruction and development as well as of stability and confidence-building in the region. The United Nations had played an important peace-keeping and humanitarian role in the region and the time had come to continue efforts for peace among its countries and to draw attention to the need for reconstruction and development.

36. The Gulf crisis and war had gravely affected the work of ESCWA, which had been able to reduce the number of vacancies and activate its relations with Member States and with regional and international organizations and bodies. In August 1990, the United Nations had been compelled to evacuate all international staff working in Iraq and Kuwait, together with their families, and all ESCWA's normal activities had virtually ceased. To achieve as much continuity as possible, a liaison office in Amman had dealt with administrative matters and maintained contacts with Member States and other parties. An office for financial and personnel matters had been set up in New York and the permanent headquarters had remained open in Baghdad, where some 80 local staff members had continued to perform part of their normal functions in addition to other tasks. Some staff members elsewhere had also been able to carry out tasks.

37. ESCWA had been able to meet Member States' requests for regional consultant services. Experts had been sent to Yemen to study the possibility of transforming Aden into a free zone and to establish a centre for science and technology in the University of Sanaa and to Oman to deal with alternative sources of energy and study training needs in the housing sector. Cooperation had been established with the Follow-up Office of the Labour Ministers of the Arab Gulf States in Bahrain to formulate a framework for a study on increased labour productivity. Consultancy services had been provided to Bahrain, Oman and Egypt for study evaluation, preparation of questionnaires and data processing; to Bahrain, Oman, Yemen and Egypt for national income accounting and statistics; to Saudi Arabia for information and data processing; to Bahrain, the Syrian Arab Republic and Jordan for human resources and population data collection; to Egypt in the field of transport and to the United Arab Emirates for planning, foreign trade statistics and investment.

38. At the request of Member States, ESCWA had prepared a number of studies on the economic impact of the Gulf crisis on the Arab Gulf States, the Syrian Arab Republic, Jordan, Lebanon, Egypt and the occupied Palestinian territories. The Commission had also undertaken preparations for the Arab Ministerial Conference on Environment and Development to be held in Cairo from 10 to 13 September 1991 in cooperation with the League of Arab States and UNDP.

39. Although the Commission had lost nearly a full year of its 1990/1991 programme of work, a few projects had been completed and work started on some others, but performance was expected to remain limited. The programme of work needed to be completely revised in the light of the new circumstances.

40. In the agricultural sector, ESCWA had cooperated in the formulation of the work programme of the Regional Centre for Agrarian Reform and Rural Development in the Near East and had carried out studies on rural development in the occupied Palestinian territory and on the problems of marketing agricultural products in Jordan. Workshops had been organized in Egypt on agricultural planning and rural development. A project on the development of entrepreneurial capacities in the region was being implemented and a study on the infrastructure of the engineering industries was being prepared, together with a number of social studies. The Commission had followed up the implementation of five projects concerned with women and development and an agreement had been signed providing support to the Arab Women's Association for Development.

41. ESCWA had prepared a study on the establishment of a database on natural resources in the region and work had proceeded on the implementation of the project on the remote sensing assessment of water resources. A report on energy data and a study on the situation of energy demand and the potential for marketing of natural gas were being prepared and a regional seminar on biogas was to be organized in the Syrian Arab Republic. Work on training needs in the transport sector had begun, a study on road maintenance issues had been completed and a report on transport in the region had been issued.

42. The Commission was implementing a number of projects agreed upon with UNEP and was cooperating with UNFPA in a number of areas. Cooperation memoranda had been signed with the General Federation of Chambers of Trade, Industry and Agriculture in the Arab countries and with the National Population Commission in Jordan.

43. The region had lived through a difficult period whose economic, social and environmental effects would remain for some time. He hoped that ESCWA member States would cooperate in and work for reconstruction and development with the means available. He invited other countries to assist the region with a view to the settlement of existing conflicts, and to support regional cooperation as a basis for the achievement of economic and social progress.

44. The Secretary-General had decided to base ESCWA international staff members in Amman for a year, thus enabling the Commission to resume its activities and provide services. ESCWA would intensify its efforts to make up for lost time and tackle new tasks. It would concentrate on a thorough study of the priorities of the region in the light of developments and the needs of member States. A work programme for the coming biennium would be formulated and the 1992-1997 medium-term plan would be revised.

45. Mr. HINTEREGGER (Executive Secretary, Economic Commission for Europe) said that the fundamental improvement of East-West relations had inaugurated

a new era of cooperation and growing interdependence. An in-depth reassessment of the whole concept of Soviet foreign and security policy had given the countries of Central and Eastern Europe the freedom to choose their own political and economic systems, with far-reaching consequences including the unification of Germany and dismantling of the rigid institutional structures of the former Eastern Bloc.

46. The Conference on Security and Cooperation in Europe had adopted two basic documents laying down the principles and rules for relations and cooperation between the participating States, while the concluding document of the Bonn Conference on Economic Cooperation and the Charter of Paris for a New Europe[2] committed all participating States to pluralist democracy and a market economy. The new leaders in the Central and Eastern European countries had the unprecedented task of managing the transition process. Since its success or failure would have a lasting impact on the world at large, it was in the common interest to assist the countries in transition in every possible way.

47. The transition process was much more complex and protracted than originally thought. Such issues as stabilization policies, restructuring of the economy, liberalization of prices and foreign trade and replacement of old institutions had to be tackled simultaneously. Adapting human behaviour and ways of thinking to a market economy might be the most difficult task. As the hard realities of the transition process made themselves increasingly felt, it was essential to maintain the social consensus in favour of reforms by mitigating their impact on vulnerable sectors of the population.

48. A further major policy objective of the Central and Eastern European countries was their integration into the European and world economies. The EC had become the centre of gravity for various forms of integration and cooperation with non-member countries. Negotiations with EFTA should shortly lead to the creation of a European economic area—a common market of 19 European countries. At the same time, the Community was negotiating association agreements with Czechoslovakia, Hungary and Poland. Free trade agreements between those countries and EFTA might also be finalized shortly. While a number of Balkan countries and the Soviet Union were not for the time being included in the negotiating processes, there were strong arguments in favour of supporting those countries in every possible way in their efforts to introduce market-oriented economic systems and integrate with the European and world economies.

49. The ECE region as a whole had been going through a difficult period, with sharply curtailed growth in the Western economies and falling output in the East. The secretariat had analysed that situation in the *Economic Survey of Europe in 1990-1991*, of which an update entitled *The ECE Economies in mid-1991* was before the Council.

50. The Western countries had experienced a more severe slow-down in overall economic growth than had been anticipated, and several countries had entered into recession. The downturn in the West could be partially attributed to a deterioration in business confidence as a result of cyclical factors and the impact of the Gulf crisis. More sustained growth in Western economies and a recovery in most Western countries were forecast for the second half of 1991, which should help the Eastern economies by improving export opportunities.

51. The recession in Central and Eastern Europe, including the Soviet Union, continued to deepen, in most countries at an accelerated rate. In the first four months of 1991, industrial output had declined by an additional 14 per cent in Eastern Europe and 5.5 per cent in the Soviet Union. All the economies were affected by high inflation and rising unemployment.

52. Despite the weaker than expected performance of major Western economies in 1990, an impressive international cooperative effort had been made by Governments of the Group of 24 and international financial organizations in providing bilateral and multilateral official assistance to countries in transition. Foreign investors were also positioned to move private capital into Central and Eastern Europe when political stabilization and profit repatriation were restored.

53. The collapse of the CMEA trade and payments system in 1990 had contributed to the economic downturn under way at that time. A further contraction of trade among the Eastern countries had been expected in 1991 as a consequence of the shift to world market prices and convertible currency settlements, but the actual decline of some 40 to 50 per cent in trade volume in the early months of the year had exceeded expectations. Efforts were now under way to negotiate new payments arrangements and find other solutions to arrest the fall of trade, but were likely to take time. Some countries—notably Hungary and Poland—had managed to divert some exports to other markets. Elsewhere, such reorientation appeared to be only in the early stages. It was important for such redirection of trade flows to be accepted in the recipient markets.

54. The new situation in Europe had had a marked impact on international institutions active in the region. In contrast to the many integration processes involving countries of Central and Eastern Europe and formerly exclusively "Western" organizations, there had been a rapid disintegration of the former Eastern bloc's multilateral institutions and arrangements, the recent formal dissolution of the Warsaw Pact and CMEA marking the end of the process. There was a strong need for institutions which embraced the whole region and in which all countries without exception participated on an equal footing.

55. The most comprehensive framework for all-European cooperation was the Conference on Security and Cooperation in Europe. Until 1990, the Conference had consisted of a series of diplomatic meetings without a permanent structure. As a result of the Summit Meet-

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[2] A/45/859, annex.

ing held in Paris in November 1990, the Conference had been institutionalized in the form of periodic meetings of ministers for foreign affairs and senior officials, supported by a permanent secretariat based in Prague. ECE and other established international institutions had been explicitly recognized as being of continuing importance to the Conference process in the new conditions that prevailed in the region. Thus, ECE's traditional role as one of the key instruments for implementing recommendations of the Conference regarding economic cooperation and environmental protection had been reaffirmed by the participating States. Its membership was almost exactly that of ECE. There had been two changes in ECE membership in the last year through the unification of Germany and the admission of Liechtenstein. The renewal of Israel's application for membership of ECE was currently before the Council.

56. To enhance its capacity to respond to the radical changes in the region, ECE had carried out an in-depth review of its programmes, priorities, structures and methods of work. The Commission had met in a resumed forty-fifth session in December 1990 to adopt the findings of the Ad Hoc Committee set up to chart a new course and a clear consensus had been achieved on the five priority areas of activity which constituted its comparative advantage. The Commission had also issued a general directive to assist countries in transition to a market economy and integrate them into the European and world economy. A series of practical steps had been taken, including a programme of workshops dealing with concrete topics of concern to the countries in transition. Over the past year, some 20 such workshops had been held and a further 20 were planned for the coming months.

57. In the area of environmental protection, a Convention on Environmental Impact Assessment had been adopted in February 1991. The Convention on the Use and Protection of International Waters and Lakes and the Convention on Industrial Accidents with Transboundary Impact were expected to be finalized before the end of 1991. A protocol to the Convention on Long-Range Transboundary Air Pollution concerning the control of nitrogen emissions had entered into force in February 1991. The adoption of a further protocol on volatile organic compounds was expected in the course of the year.

58. In the area of transport, environment and safety were growing concerns. A European-wide Road Safety Week had been staged in October 1990, accompanied by national campaigns in most member countries, and Governments and the public at large had responded strongly. Progress had also been made in 1990 towards the development of a coherent road transport system in Europe through the revision of a number of regional conventions. In the area of combined transport, the European Agreement on Important Combined Transport Lines and Related Infrastructure had been opened for signature. Particular attention was being given to updating the regulations for the transport of dangerous goods.

59. In the field of statistics, the Conference of European Statisticians had made special efforts to support the national statistical offices of countries in transition. Its central role regarding coordination and cooperation among international and supranational organizations would be further developed through joint activities in the development of statistical methodology, harmonized questionnaires and shared data collection. Fruitful discussions were in progress on ways of maximizing cooperation and minimizing duplication among ECE, OECD and the Statistical Office of the European Communities (EUROSTAT).

60. In the area of trade facilitation, Rules for Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT) had continued to be actively developed. A number of new messages would be submitted for testing in the coming months to increase its practical application as a standard for world trade. In 1990, the team of regional rapporteurs had been extended to include Australia, New Zealand, Japan and Singapore. Further consideration had also been given to the draft proposal for interregional cooperation in the area of trade facilitation and EDIFACT, prepared by the five regional Commissions and UNCTAD pursuant tc Council resolution 1989/118 of 28 July 1989.

61. Over the past year, ECE had continued to develor cooperation with other global organizations and the specialized agencies. It provided a bridge between the United Nations and other economic institutions active ir the region, such as the EC, OECD and EBRD. Its member countries attached high priority to close cooperation and coordination between ECE and those economic institutions in order to avoid duplication of work and ensure the best possible use of resources.

62. In the spirit of the Regional Conference held at Bergen, Norway, from 8 to 16 May 1990, as a follow-up to the report of the World Commission on Environment and Development (Brundtland Commission)[3], ECE had accepted the concept of sustainable development as a guiding principle for all its relevant activities. The Bergen Ministerial Declaration and the Joint Agenda for Action adopted by the Conference[4] were a major contribution to the preparatory process for the forthcoming United Nations Conference on Environment and Development. Other related activities were the project "Energy Efficiency 2000", designed to reduce the substantial gap between East and West, in energy efficiency, and a high-level meeting on sustainable development in the chemical industry to be held in Warsaw in March 1992.

63. ECE's practical work attracted the attention of member States outside the region and, each year, anywhere from 25 to more than 40 States from other regions attended ECE meetings. They followed ECE's work in virtually all sectors but, particularly in the steel industry,

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[3] A/42/427, annex.

[4] A/CONF.151/PC/10, annexes.

trade facilitation, agricultural standards and gas and coal. In certain areas, such as vehicle construction and the coal industry, that work needed the global perspective provided by the participation and active contribution of major producers from the other regions. Thus, ECE continued to provide an important link between economic developments in the region, with its vast pool of know-how and technology, and economic needs and developments in the other regions. The dynamism of economic integration in the region and the engine of growth it should produce, together with the additional economic potential of the countries of Central and Eastern Europe, could be expected to provide an economic stimulus reaching well beyond the region and serving as a needed catalyst to global economic expansion.

64. Mr. ROSENTHAL (Executive Secretary, Economic Commission for Latin America and the Caribbean) said that during the 1980s the economies of most Latin American and Caribbean countries had been plagued by low or negative growth rates and stubborn macroeconomic imbalances. The year 1990 had proved no exception, although a few countries had managed to consolidate their adjustment processes and begun to grow again in a context of relative financial stability. Nevertheless, for the region as a whole, 1990 had been another year of virtual stagnation with per capita GDP shrinking by almost 2 per cent. As a result, average per capita income in the region was 10 per cent lower than in 1980. The region would probably experience zero growth yet again in 1991, with macroeconomic imbalances persisting in a number of countries, although most had made a major effort to stabilize their economies. The programmes implemented in Argentina, Peru and, recently, Brazil merited special mention in that connection.

65. The combined impact of recession and inflation had dealt the poorer countries of the region a particularly heavy blow. The effects of adjustment processes had been markedly regressive, and poverty, the need for greater social equity, and other social problems had been brought to the forefront of the region's development concerns. Unfortunately, even in the best of circumstances, it would take many years for large sectors of the population to recover the real purchasing power they had possessed more than a decade earlier. In turn, that situation had placed considerable pressure on the region's democratically elected Governments to find a way of responding to the backlog of unmet needs. As 1991 unfolded, therefore, it was becoming clear that the legacy of the economic crisis of the 1980s remained. Nevertheless, the countries of the region were making a determined effort to overcome the circumstances that hindered their development. The consistency and stability of economic policy-making and the implementation of policies at the national level had increased substantially and most governments had acted in a highly responsible manner in carrying out necessary but frequently unpopular reforms.

66. Those trends had taken shape against a background of sweeping changes in the international order. The changing relationship between the two super-Powers was one of the most momentous events of the recent past. It was not yet possible to assess its full import but there could be little doubt that the change opened up at least the possibility of greater world security and a relaxation of tension that would allow governments and society to concentrate on development. A relaxation of tensions would undoubtedly benefit the region both directly and indirectly. On the one hand, it could be hoped that the developed countries' foreign policy towards the region would place more emphasis on economic factors and less on security considerations, thus creating a more supportive environment for international economic cooperation. On the other, domestic political interaction could also be expected to take place within a less tense setting, thereby making it possible for the changes needed to pave the way for development to be undertaken without necessarily being perceived as a challenge to the existing establishment.

67. Events in the Gulf had affected the region less than other parts of the developing world. The greatest direct impact had been through the change in oil prices, the increase of which had benefited net exporters and hurt net importers, while the decrease had had the opposite effect. By reducing the volume of world trade, and therefore deepening the recession in the United States of America, the United Kingdom and Canada, the Gulf conflict had had an indirect effect on Latin American exports. Those and other repercussions had been quantified by ECLAC in an official report issued in October 1990.

68. During the last two years, some headway had been made towards solving the regional debt problem. Mexico, Costa Rica, Venezuela and Uruguay had concluded agreements under the Brady Plan which would enable them to reduce their commercial bank debt. Meanwhile, Jamaica and Chile had rescheduled their bank debt and Chile had also received fresh credit. The debt reduction options, provided for by the Paris Club in the terms agreed upon by the seven major industrialized countries at the Toronto Economic Summit in June 1988, had been made available in 1990 to Guyana and Bolivia, two of the poorest countries of the region. In addition, many Latin American countries would be able to benefit from the new terms offered by the Paris Club at the Houston Economic Summit in July 1990, which provided for somewhat longer-term reschedulings for lower middle-income countries. Honduras and El Salvador had already taken advantage of that new arrangement.

69. Progress had also been made in regard to countries in arrears in their payments to multilateral lending agencies. Guyana and Honduras had been helped to eliminate their arrears in debt-service payments to those institutions and, more recently, IMF had announced a "rights approach", under which a country mounting an appropriate adjustment effort would become entitled to the refinancing needed to eliminate its arrears with the Fund. Peru was expected to be one of the first beneficiaries of that new programme, which might also be put into effect by the World Bank. Another sign of progress was that, after a decade of severely restricted flows of external financing, a few countries in the region seemed to be re-

gaining access to international capital markets. In 1990, Mexico, Venezuela and Chile had received a significant flow of foreign capital through such channels as bonds, stock market funds and direct investments.

70. Generally speaking, the Governments of Latin America and the Caribbean had followed a pragmatic and responsible course of action in regard to most issues of international economic cooperation. More and more were becoming members of GATT, so that they could participate fully in multilateral trade negotiations. In the past five years, six countries of the region had joined GATT and a similar number had acquired observer status. Countries of the region had also played a leading role in matters related to the control of drug abuse and trafficking and, in particular, to the issue of environment and development. The Tlatelolco Platform, formulated at the Regional Preparatory Meeting for the United Nations Conference on Environment and Development, held in Mexico City from 4 to 7 March 1991, offered valuable conceptual guidelines for the Conference.

71. Many Latin American countries, however, had had difficulty gaining access to ODA. Even though IDB was increasing its annual disbursements in the region, thanks to the replenishment of its capital, Latin America as a whole received quite a limited net inflow of capital from the major multilateral financial agencies. Moreover, the private banking community continued to be reluctant to provide fresh funds to the region.

72. Another new and promising trend in Latin America was the move towards the conclusion of free trade agreements. Examples included the Southern Cone Common Market, created in March 1991, the ANDEAN Group, the Central American Common Market, and a number of bilateral and trilateral agreements. The "Enterprise for the Americas Initiative", announced by the United States Administration in June 1990, called for a free trade zone throughout the hemisphere. The trend also reflected the fact that trade diversions were currently less costly since tariffs tended to be relatively low. Thus, the current environment for intraregional cooperation seemed favourable.

73. With regard to ECLAC's main activities since July 1990, he noted that more and more of the work of the secretariat and of the intergovernmental meetings was aimed at meeting the challenges confronting the region in a rapidly changing world. As part of its work in the realm of ideas, ECLAC had fostered a debate on how the countries of the region could pull themselves out of the crisis of the 1980s and put themselves back on the road to development. The frame of reference for those efforts had been provided by the proposals put forward in the document "Changing production patterns with social equity", presented to the Commission at its 1990 session in Caracas. Enthusiastically received, the document had fulfilled its purpose of promoting a productive debate within the region. As part of its operational work, the secretariat had taken steps to help resolve some of the crucial problems faced by governments and societies in their efforts at adjustment and development. That was the underlying purpose of the advisory services, training and horizontal cooperation provided within the framework of the priorities in ECLAC resolution 507 (XXIII). To broaden the conceptual and operational scope of its proposals, the Commission was engaged in analysis and research into successful experience in a variety of fields, both within and outside the region. Work was being done on designing educational strategies and policies, in conjunction with UNESCO, and on the relationship between environment and development. Other activities concerned the participation of women in the production process and support for the agricultural sector, while training activities continued to be one of ECLAC's central concerns. In addition to its customary publications during the period, including *The Economic Survey of Latin America and the Caribbean, 1990* and the *CEPAL Review*, a number of issues of the *Politica Fiscal* series had been published, containing new contributions to the analysis of fiscal deficits, as part of a regional project being carried out by ECLAC with the support of UNDP.

74. The ECLAC secretariat was working hard to meet the challenges of the 1990s and beyond. In addition to being of assistance to ECLAC member Governments, it was privileged to be involved in the process of institutional renewal which was placing the United Nations, in its economic and social role, at the forefront of the world community's development agenda.

The meeting rose at 12.25 p.m.

20th meeting

Tuesday, 9 July 1991, at 3.25 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.20

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. JI Chaozhu (Under-Secretary-General for Technical Cooperation for Development) said that mankind's millenia-old dream of peace and prosperity was beginning to appear realizable. The United Nations, the appropriate instrument for making that dream come true, was finally emerging from a state of near-helplessness which had lasted too long. With the winding down of the East-West confrontation, the Department of Technical Cooperation for Development was contributing its share towards the difficult task of the reconstruction and development of Eastern Europe, but there was another major conflict which had to be dealt with very seriously, that between the North and the South, whose origin was to be found in the ever-widening gap between the developed and developing countries.

2. For many low-income countries, the recent trend of financial resources was critical: private bank lending to developing countries had been reduced to almost half the level of the early 1980s, while the level of ODA had remained the same over the same period, resulting in a decline in real terms. That situation was aggravated by the need to assist the European economies in transition and to finance the reconstruction in countries affected by the Gulf war. The Department of Technical Cooperation for Development, which was the main operational arm of the United Nations for technical cooperation, had had 997 projects with a total delivery of $181.6 million in 1990. Its largest sector of activity had been natural resources and energy, but it was also concerned with development planning, public administration and finance, statistics and population activities. The Department's expenditures for human resources development had amounted to $27.9 million in 1990, with Africa accounting for 47 per cent of that total, while expenditures on poverty eradication in the least developed countries had amounted to $76 million. It was also participating in the preparations for the United Nations Conference on Environment and Development. In accordance with General Assembly resolution 44/211 of 22 December 1989, the Department had taken practical steps to support the national execution of technical cooperation programmes and projects and had made human resources development and the strengthening of national capabilities the main objectives of its activities.

3. The social and economic sectors of the United Nations constituted a vast pool of experience and expertise whose exceptional value was due to two characteristics: it enabled Member States to examine together critical issues in the economic development of all States, and particularly the developing countries, and it provided technical cooperation to developing countries in an objective, impartial, unconditional, politically neutral and commercially disinterested way through the tripartite partnership of governments, technical and specialized agencies, and funding bodies. Only multilateral assistance channelled through the United Nations had the above-mentioned characteristics, which are the concrete expression of the principles set forth in the Charter of the United Nations, particularly in Articles 55 and 56. Accordingly, although it represented only around 5 per cent of all ODA, it was of very great importance owing to the beneficial and catalytic role it could play in supporting the efforts of the developing countries, lessening the dangers of North-South confrontation and strengthening mutual understanding and respect as well as furthering stability in the South. Member States should therefore do everything in their power to strengthen, and certainly not weaken, the institutions and agencies involved in assistance activities. As for the donors, they should realize that helping to stabilize the South through truly unconditional assistance, however modest, was in their self-interest.

4. The principle of tripartite partnership, between funding agencies such as UNDP and UNFPA, executing agencies including the Department of Technical Cooperation for Development, and the recipient Governments, had proved its great value and had been strongly reaffirmed at the recent meeting of the UNDP Governing Council. Some points of difference had, however, arisen between the Department and the two principal funding agencies over the issue of support costs and the assumption of executing functions by those agencies. The study on the relationship between UNDP and the Department requested by the UNDP Governing Council should lead to better collaboration between the two organs. He intended to take an active personal role in that work.

5. The streamlining of Secretariat operations in the economic, social and related fields requested by the General Assembly at its resumed forty-fifth session was

clearly necessary, but such restructuring should be aimed at strengthening the role of the United Nations, that of the Secretary-General and that of the Director-General for Development and International Economic Cooperation in those fields. There again, the right approach was to strengthen, and certainly not to weaken, the tripartite partnership principle which the General Assembly had adopted by consensus. Given the economic and social upheaval of catastrophic global proportions which was liable to result from a prolonged economic marginalization of the third world, the historic opportunity to restructure the existing inequitable international economic regime should not be missed. For its part, the Department stood ready, as always, to make its expertise available to the Member States, to contribute to their deliberations and to implement decisions taken by the Assembly and its subsidiary bodies.

6. Mr. MOULTRIE (Bahamas) said that the world economy had entered a new phase which was bound to lead to deep structural changes in the economies of States and in the world economy as a whole. At the same time, the differences in levels of economic development and between the needs of developing countries and the resources available to meet them had never been greater. Mutually acceptable agreements had therefore to be reached with a view to achieving equality, stability and predictability in international economic relations.

7. In his Government's view, one of the major avenues for promoting growth in the developing countries and overcoming the debt problem was the reform of the international trading system. Non-tariff barriers as well as subsidies and tariffs imposed on developing countries had distorted the trade in agricultural products and undermined the ability of developing countries to operate in stable markets. An open international trading system was a major pillar of an interdependent world economy. His Government therefore urged the international community to take the necessary political decisions in order to ensure the success of the Uruguay Round of multilateral trade negotiations, and encouraged the widest possible participation of developing countries in those negotiations and their further integration into the multilateral trading system, an objective which presupposed that developed countries were prepared to accept greater multilateral discipline and to offer improved market access in areas of interest to developing countries. The stalemate in the Uruguay Round had to be overcome and an end put to the upsurge in protectionist trends.

8. It was essential that debtor countries should work hard at improving national policies and implementing structural adjustment programmes which would promote sustainable economic development, enhance creditworthiness and encourage inflows of external finance. The major economic Powers, in turn, should ensure that the growth of the global economy continued and that real growth opportunities were created in commodity production and trade.

9. Rapid technological development had stimulated growth in the richer parts of the world and brought about structural changes in almost every country. In the developing countries, preoccupation with short-term adjustment sometimes tended to relegate that aspect to the background, vital though it was in the long term. The international community should, within the framework of the International Development Strategy for the Fourth United Nations Development Decade,[1] devise and implement a set of policies which would have a significant impact on the development of human capabilities. In addition, international financial institutions should allocate an increased proportion of their lendings to direct support of education and training and to other assistance for human development. Isolated events or sets of targets were no longer enough. The importance of human beings in economic development should be institutionalized in a systematic and sustained process and, in the 1990s, human-resource development should be placed at the centre of economic development.

10. Progress made towards democracy and a market-oriented economy had rendered possible the entry of the Eastern European countries into the multilateral trading system and that, it was to be hoped, would improve the prospects for trade between those countries and the developing world. In order to overcome unexpected external obstacles to market transformation, such as the Gulf crisis and the collapse of the CMEA market, it was necessary to continue implementing radical economic reforms while using external technological and financial assistance and actively developing economic cooperation with all countries. In that connection his Government welcomed the assurance of the Western industrialized countries that their technical and financial assistance to Eastern European countries would come from additional resources separate from those for aid to the developing countries.

11. The United Nations, with its accumulated knowledge and interdisciplinary approach, had a major role to play in strengthening multilateral cooperation in international economic affairs. However, the Organization could not ignore the changes taking place all around it. A process of reform was needed in order to enable it to play that role more effectively. The United Nations of the future should offer a better framework for linking international efforts with regional ones in order to help developing countries to proceed from a period of adjustment to one of development growth. To that end, the United Nations needed the unwavering support of its Member States. His Government wholeheartedly supported General Assembly resolution 45/177 of 19 December 1990 on the restructuring and revitalization of the United Nations in the economic and social fields. The Special High-level Meeting, held on 4 and 5 July 1991, and the informal dialogue—which had proved preferable to a more formal approach—with representatives of multilateral agencies pointed the way to be followed in the future and proved that the Council was in the vanguard of the restructuring process.

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[1] General Assembly resolution 45/199, annex.

12. Mr. MONTAÑO (Mexico) said that the new system of international relations that was in the process of being established had some ambivalent aspects which many developing countries found disturbing. The peace dividend which had been expected from *détente* and which would have facilitated the expansion of the developing countries' trade had failed to materialize. Current developments were giving rise to alarm in view of the growing economic interdependence between countries and sectors, but the strengthening of multilateral cooperation could transform that interdependence into a factor that would be beneficial to all. Unless it created a favourable international economic environment and was accompanied by greater commitment on the part of the industrialized countries, the economic order that was taking shape could only perpetuate the gap between the wealthy countries and those that lacked everything. The need to correct the imbalances of the world economy and the means towards achieving that end were set out in a number of recent documents, particularly the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries.[2] In that connection, his delegation wished to reaffirm that such cooperation had to be equitable and unconditional. The agenda proposed by the Under-Secretary-General for International Economic and Social Affairs (17th meeting) could serve as a framework for the Council's activities in that field over the next few years.

13. World trade was feeling the effects of uncertainties regarding access to major markets and of the development of new forms of protectionism, discrimination and exclusion. The anti-protectionist commitments undertaken within the framework of the Ministerial Declaration on the Uruguay Round of multilateral trade negotiations[3] had not been effectively observed. The trade-liberalization measures adopted by the developing countries had produced hardly any response from their developed trading partners. It was essential therefore that the Uruguay Round should lead to a new consensus on a rational international trade system which was reasonable, reliable and equitable and which took into account the developing countries' needs. His delegation urged all participants in the Uruguay Round to let reason and the general interest prevail over selfish special interests.

14. Mexico was making efforts to diversify its economic relations, find new forms of cooperation and develop its presence in all parts of the world. It had begun to modernize its production structures, organizational forms and strategies with a view to obtaining entrance to the complex trade mechanisms that were being established. It had embarked upon negotiations on a free-trade agreement with the United States of America and Canada, its objective being not to become part of a closed bloc but to respond realistically to the demands of the world economy's new dynamics. It had launched upon a process of economic integration and political concertation with the countries of Latin America within the framework of the Latin American Integration Association (ALADI) and of the Rio Group. It had signed a third-generation framework agreement with the EC. In addition, it had joined the Conference on Economic Cooperation in the Pacific. In that way, it intended to contribute towards the establishment of an international trade system that would be fairer, more equitable, more open, and more in conformity with the standards of international law.

15. The problem of debt and of the transfer of considerable resources outside the developing countries meant some very real sacrifices for those countries. It was henceforth recognized that a reduction of debt and of debt-servicing had to be the central element of any solution to the problem, but initiatives taken to date in that field, although positive, were of only limited scope. The international community should show boldness in finding a durable solution.

16. His delegation welcomed the progress made in preparing for the United Nations Conference on Environment and Development. Mexico had acted as host to the Latin American and Caribbean Regional Preparatory Meeting, in March 1991, at which the Declaration of Tlatelolco was adopted, expressing the continent's concerns in that regard.

17. Mexico reaffirmed its will to act in a constructive fashion. It had undertaken structural adjustment programmes and modernized its economic structures. It was managing its resources more effectively and was seeking viable alternatives to traditional models of growth and development. Commitments could not always be one-sided, however, and reciprocity should be the rule. The universal need for adjustment stressed by the Managing Director of IMF (17th meeting) should be reflected in the facts. Solutions adopted thus far fell short of meeting the challenges of an interdependence which was developing more rapidly than expected. Cooperation should no longer be regarded as a concession to some countries but should be seen as a collective project of capital importance to all.

18. Mr. BROTODININGRAT (Indonesia) recalled that, at the Council's second regular session of 1990, the general mood had been one of optimism because world developments, and particularly the end of the cold war, had offered the promise of a more stable peace and common prosperity. The landmark consensus reached at the eighteenth special session of the General Assembly had given rise to renewed expectations for the revitalization of economic growth in the developing countries. The Uruguay Round, which at that time had reached its final stages, had promised a more open and equitable international trading system. However, all those hopes had been dashed by the Gulf conflict, which had absorbed a substantial part of badly-needed resources. Worse still, the

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[2] General Assembly resolution S-18/3, annex.

[3] Adopted at the special session of the Contracting Parties to the General Agreement on Tariffs and Trade, held at Punta del Este (Uruguay) from 15 to 20 September 1986 (see GATT, *Basic Instruments and Selected Documents, Thirty-third Supplement* (Sales No. GATT/1987-1), p. 19).

demonstrative effect of technologically advanced war machines had spread a feeling among many countries that their defence systems had become obsolete, and encouraged them to increase military spending. At the same time, efforts to implement the hard-won consensus of the special session of the General Assembly had failed to yield the expected results and the Uruguay Round, at its meeting in Brussels in December 1990, had failed to arrive at a successful conclusion.

19. Under such circumstances, it was hardly surprising to note from the *World Economic Survey, 1991* (E/1991/75) that world output in 1990 had recorded a minimal growth of only 1 per cent. The prospect for 1991 was even bleaker, it being expected that the world economy would suffer from virtual stagnation and a possible decline in per capita output of the order of 2 per cent. The steady decline in the growth of world trade registered since 1987 was particularly worrying, accompanied as it was by a continuing deterioration of primary commodity prices. Those trends had correspondingly affected the export growth performances of developing countries in the Asia and Pacific region. So far as Indonesia was concerned, the value in dollar terms of its non-oil and gas exports had fallen from 35.2 per cent in 1988 to 20.4 per cent in 1989 and to only 6.7 per cent in 1990.

20. In the light of the deteriorating conditions of the world economy, the task of strengthening multilateral cooperation in international economic affairs assumed added urgency. In the current era of increased globalization, adjustment measures or development efforts, no matter how strenuously pursued at the national level, could be of enduring impact only if complemented by a favourable international economic environment. Whether in international economic relations or in the domestic economy, exclusive reliance on the workings of market forces did not suffice to bridge the gap between the rich and the poor.

21. The question arose whether it was necessary to create new institutions in order to strengthen multilateral cooperation in the economic field. Without being a priori opposed to such an idea, he would prefer first to see whether institutions already in existence might not be improved and made more responsive to the changing situation. Moreover, the international community should put into effect, without delay, the Declaration adopted by the General Assembly at its eighteenth special session, implement the new International Development Strategy and display a more forthcoming attitude in order to bring the Uruguay Round to a successful conclusion. He continued to believe in the ability of the United Nations system to measure up to the challenge by shaping effective programmes which reflected a new sense of shared responsibility for the future of all mankind. A new institution that might perhaps be set up within the framework of the United Nations was a mechanism to channel resources released as a result of arms reduction towards development purposes.

22. It was encouraging to note that multilateral cooperation on other important issues, such as the protection of the environment, the alleviation of poverty and human development, was gathering momentum. It was to be hoped that cooperation for development would receive the same enthusiastic response as cooperation on the environment, that the promotion of pluralistic democracy at the national level would go hand in hand with a drive for democratization at the international level, and that the human rights to decent food, clothing, shelter and employment would be accorded the same prominence as civil and political rights.

23. Mr. CESKA (Austria) said that overall economic growth had slowed down considerably in 1990 and forecasts pointed to zero growth for the world as a whole in 1991. In his own country, economic indicators during the year under review had been above the OECD average. Those good results notwithstanding, efforts towards microeconomic reform and fiscal consolidation had to be continued.

24. The changes in Eastern Europe had resulted in the short term in a sharp drop in economic activity, a decline in interregional trade and an increase in unemployment and inflation in the subregion. The transition to a market economy would take longer than anticipated and would require a great deal of effort on the part of the countries concerned, as well as of the international community at large.

25. The Gulf conflict had disrupted international relations and had led to untold human suffering, a grave disruption of the world economy, environmental degradation of unprecedented dimensions and the displacement of millions of innocent people. His delegation hoped that the informal exchange of views that was to be held on the subject would shed light on how the economic, social and environmental consequences of the Gulf conflict could be dealt with most constructively.

26. Restructuring through deregulation and privatization had become a major factor in the economic endeavours of both developing and Eastern European countries. While welcoming that move, his Government considered that there were functions of the public sector, such as primary education, preventive health care, basic social security and the creation of a legal framework conducive to economic activity, trade and foreign investment which should not be delegated to the market mechanism.

27. In many developing countries, particularly in sub-Saharan Africa, the situation continued to be bleak, despite decades of international development endeavours. The gap between average incomes in the North and in the South was widening, partly because of a disparity in economic growth rates and negative resource transfer and partly because of the population growth factor. There were 1.2 billion poor people in the developing countries and some 200 million people—many of whom belonged to ethnic minorities—lived in poverty in the industrialized countries. Much remained to be done in the economic and social fields to arrive at a truly human world order.

28. His delegation was heartened by the main conclusion of the *UNDP Human Development Report 1991*,[4] namely, that human development could be financed. Lack of political commitment, not of resources, was often the real cause of neglect in that field. His delegation therefore welcomed the idea put forth by the Secretary-General in his opening address (16th meeting) that an international conference be convened on the financing of development.

29. The end of the cold war had enabled the United Nations, for the first time in its history, to play the role assigned to it by the founding fathers in the area of politics and international security. It was high time that the United Nations came into its own in the economic and social fields also. He hoped that the current session of the Council would be a step in the right direction.

30. Mr. SERSALE di CERISANO (Argentina) said he wished to protest at the delay in distributing the documentation for the current session of the Council. Such a delay prevented the appropriate services in the various capitals from carrying out the necessary technical analyses, so that delegations were unable to formulate in the meetings the informed and useful conclusions which the Secretariat expected of them. He did not, however, intend to invoke rule 13, paragraph 4, of the Council's rules of procedure which provided that, if the documentation relating to an item of the agenda had not been circulated six weeks before the opening of a session, the item should be postponed to the following session; were he to do so, the Council would be obliged to defer consideration of too many items of its agenda. He strongly hoped, however, that his protest would have some effect.

31. Turning to the international economic situation from the point of view of national and regional economic policy, with particular reference to the *World Economic Survey, 1991* (E/1991/75), the summary of the economic survey of Latin America and the Caribbean, 1990 (E/1991/56) and the report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries (E/1991/58), he said that the Department of International Economic and Social Affairs was to be congratulated on having produced the *Survey*, a working tool which usefully complemented the data published every year by the World Bank, IMF and UNCTAD. For all its merits, however, the *Survey* deserved some criticisms of a methodological nature. In chapter III, on international trade, Box III.1 on grain subsidization (E/1991/75, p. 65) referred to the share of agricultural expenditure in total current Government expenditure in Germany, the United States of America and France without once mentioning the common agricultural policy of the EC under which the Community covered more than 50 per cent of total budgetary expenditure set aside for agriculture in its member States. The comparison was therefore invalid. In connection with the Uruguay Round the *Survey* stated that, according to recent OECD calculations, agricultural support policies had cost the OECD countries' consumers and taxpayers roughly $251 billion in 1989 (ibid., p. 63), while footnote 33 on the same page stated that total transfers were defined as the sum of all transfers from taxpayers plus all transfers from consumers minus budget receipts from tariffs. However, in the EC member States and in Japan, unlike the United States, practically all the support given to agriculture was derived exclusively from consumers. There again, some refinement of the methodology employed by the Department's experts would be welcome.

32. With regard to international relations (ibid., chap. IV), despite the declarations and resolutions adopted at the highest level with a view to finding solutions to external impediments to growth which developing countries were encountering in the sectors of financing, trade and access to technology, the *Survey* stated that the net transfer of financial resources from developing countries to developed countries had reached $39 billion in 1990 as against $33.7 billion in 1989 (ibid., table IV.1). His delegation intended to repeat over and over again in all international forums that the catastrophic trend of the 1980s had to be reversed during the 1990s. To that end, the main industrialized countries had to take into account the effects on developing countries of the decisions they adopted at the macroeconomic level. Thus, the group of seven major industrialized countries, which was to meet shortly, should take into account the recent rise in the dollar and encourage countries such as Japan and Germany, which had surplus balances of payments and which, moreover, were anxious to contain inflation, to invest their surpluses in the developing countries; the increase in investment in developing countries would also contribute towards improving the trade balance of the country with the largest deficit, namely, the United States.

33. The group of seven should also act to ensure the elimination of trade protectionism in all its forms, as it had undertaken to do at the Houston Economic Summit in July 1990. In order to promote economic growth, it was necessary to establish a comprehensive and open multilateral trade system, which meant stopping all support to insufficiently profitable sectors, providing access to markets and abolishing export subsidies. Those were the basic principles of a market economy as taught by the industrialized countries: the problem was that those countries did not really practise what they preached.

34. Argentina, for its part, had not hesitated to embark upon deep structural reforms aimed, in particular, at freeing the markets from State intervention and redefining the role of the State, which would no longer engage in production activities, but would concentrate instead on the weakest sectors of the economy; an ambitious programme of privatization of public enterprises had been launched in consequence. The reform also extended to the fiscal regime, decision-making (which had been decentralized to involve provincial governments and then town councils), the struggle against inflation through the elimination of the budget deficit, and the reorganization of the financial regime and the Central

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[4] Oxford, Oxford University Press, 1991.

Bank, which had been placed in charge of monetary control and supervision of the financial entities. Privatization was advancing at an accelerated rate in accordance with the principles of deregulation and the abolition of monopolies, so that the Argentine State, while continuing to be principally responsible for decision-making on matters of economic policy, would soon have delegated the production of all goods and services to the private sector. A major tariff reform whereby duties were to exist at three levels only—0, 11 and 22 per cent—had recently been implemented. Furthermore, the currency had recently been pegged to the dollar as a consequence of its free convertibility, which the Central Bank was to guarantee at all times. The indexing mechanism, thanks to which Argentina had been able to function under inflation, had itself become a factor of inflation and had been abolished.

35. The Argentine economy, with its free-trade market and with so radical a restructuring of its public sector, was indisputably integrated into the world economy. At the regional level, integration had already made considerable progress with the setting up of a Common Market of the Southern Cone (MERCOSUR) whose four member countries (Argentina, Brazil, Paraguay and Uruguay) had recently signed an agreement with the United States providing for the establishment of a trade and investment council. The regional economic space created by the establishment of MERCOSUR represented 50 per cent of the GDP and 37 per cent of the population of Latin America. It should be understood that MERCOSUR was an instrument and not an end in itself, the objective being to ensure a better response to market demand, to make use of economies of scale to lower prices, and to improve quality.

36. With regard to strengthening multilateral cooperation in international economic affairs, which formed the subject of a report of the Secretary-General (E/1991/72), he said that the preparation of the report had been undertaken in accordance with Council decision 1990/263 of 24 July 1990 and was therefore entirely justified. He had, however, some criticisms to make concerning the contents of that report, the main one being that the paper had a closer bearing on other agenda items and was somewhat out of place in a general discussion. The first two sections referred to commitments agreed upon in other bodies, particularly the Declaration on International Economic Cooperation adopted by the General Assembly at its eighteenth special session. The question of the implementation of the commitments and policies agreed upon in the Declaration was covered by item 4 of the Council's agenda, and also appeared under item 90 of the provisional agenda for the forty-sixth session of the General Assembly. Furthermore, in recalling some initiatives, the report ran the risk of overlooking certain others which might also be of interest to the member countries. That defect was particularly apparent in sections III and IV, and particularly in paragraphs 38 to 42, which gave an incomplete account of the restructuring of the economic and social system.

37. In the circumstances, his delegation would refrain from participating in a detailed discussion on the subject, for three reasons. First, the General Assembly in its resolution 45/264 of 13 May 1991, which was not even mentioned, had already adopted a position on a number of the recommendations made in the report. Secondly, the restructuring of the economic and social system already formed the subject of an agenda item for the forty-sixth session of the Assembly, and was accompanied by a timetable of negotiations extending until the forty-eighth session; there was thus no reason for the Council to deal with the matter. Lastly, the documentation referred to was selective and did not include the proposal of the Group of 77, although it had served as a basis for the negotiations which had led to the adoption of resolution 45/264.

38. His delegation wished, however, to state its views on certain points in the report. First, on the subject of coordination (E/1991/72, paras. 30-31), it would not subscribe to a mode of coordination based on selective criteria established without the participation of Governments. The Council could perform its coordinating function under the Charter of the United Nations on the basis of the provisions of General Assembly resolution 45/264, on condition that it applied the method of work agreed within the Council itself; failing which the work of the Council and of its secretariat would lose all meaning. Moreover, coordination was not an end in itself and could hardly be discussed in the abstract. As for the proposal that an economic security council be created (ibid., para. 40), that would hardly meet the wishes of Governments as expressed in Assembly resolution 45/264. Lastly, with regard to the possible upgrading of CDP (ibid., para. 41), his delegation took the view that the Department of International Economic and Social Affairs could take over any new tasks that might otherwise have devolved on the Committee. It was not essential to create new structures. His delegation wished to state that it was willing to continue the search for solutions at the forty-sixth session of the General Assembly.

39. Mr. NGUYEN LUONG (Observer for Viet Nam) said that, in 1990 and the first half of 1991, economic activity had slowed down in nearly all parts of the world; the situation was thus alarming, especially for the developing countries but also, in the last analysis, for the developed ones. In granting support to developing countries and other countries in transition, the developed countries served their own interests as much as those of the recipients.

40. Of the two central issues he wished to raise, the first was that of the external debt of the developing countries, which totalled more than $1,300 billion and was the cause of the net capital outflows, low rates of investment and economic stagnation of many developing countries. Efforts made over the past few years to relieve debt and debt services had been too limited and in some cases discriminatory. A comprehensive solution had to be found, and his delegation supported the Secretary-General's proposal (16th meeting, para. 21) of an international conference on the financing of development.

The second point was that current practices employed, for political purposes, by certain developed countries against a number of developing countries, such as limitations on economic cooperation, coercive measures, trade embargoes and discrimination, ran contrary to the trend towards the increasing interdependence and internationalization of the world economy. In the interests of mankind as a whole, such practices should be abandoned.

41. So far as his own country was concerned, it had over the previous four years carried out a policy of renovation in all fields with the central objective of transforming the planned economy based on administrative bureaucracy and State subsidies to a market-oriented economy with macro-planning based on a diversity of ownership. By the end of 1990, the Vietnamese National Assembly had adopted a law on private enterprises, a law on shareholding companies and amendments to the law on foreign investment authorizing private entities to undertake joint ventures with foreign partners. Only a few days previously, the banks had been authorized to carry out all activities in foreign currencies.

42. Thanks to the renovation policy, a number of important achievements had already been recorded. Since 1989, Viet Nam—although traditionally an importer of food grains—had been exporting rice. Industrial production in 1990 had risen by 4.5 per cent over the 1989 level. A large number of enterprises had succeeded in improving their competitiveness from the point of view of product quality. Galloping inflation had been reduced to 2.8 per cent a month in 1989. Since the adoption of the law on foreign investment three years previously, licences had been issued to more than 200 joint ventures and foreign enterprises to establish themselves in Viet Nam. In the past two years, the country's export earnings had doubled.

43. Viet Nam was fully aware of challenges it had to face owing to its low level of development, poor infrastructures, high rate of population growth, increasing unemployment, trade adjustment with Eastern Europe, external indebtedness and the effects of an unjustified economic embargo. However, it was determined to continue its policy of renovation and to keep the door wide open to cooperation with all countries and all international institutions.

44. Mr. SOMAVÍA (Chile) said that the current period was marked by many positive signs, ranging from the extension of political freedom in numerous authoritarian societies to the attenuation of the general fear of a nuclear conflagration, to the consensus emerging on the ability of open economies to ensure long-term well-being, to the capacity of the United Nations to contribute towards the establishment and maintenance of peace and to the recognition that the economies of the great Powers could not remain unaffected by the levels of their military expenditure.

45. Negative signs were also to be seen, however. His Government was particularly concerned over the persisting gap between countries or sectors in which well-being and security were a more or less stable reality and those where the main problem of daily existence was sheer survival. The "social cost" of political change or economic adjustment was regarded as inevitable or even indispensable, and it seemed to be forgotten that an improvement in the quality of life of the general population was and remained the only acceptable ethical criterion for assessing the validity and efficacy of economic policies. If, in an open economy, it was essential to preserve macroeconomic balances as the condition *sine qua non* of sustained growth, it was no less important to have regard for macro-social balances, without which equitable development—the very basis of political stability—was impossible. An open economy should go hand in hand with social justice. The international community must collectively recognize the need to reach agreement on fundamental criteria which would enable economic efficacy and social efficacy to be politically reconciled. The problem was neither new nor insoluble. Thus, for example, the development of European countries since the end of the Second World War had been based on the search for a satisfactory relationship between those two requirements.

46. In the view of his Government, it was essentially the Council's responsibility to help supply specific guidelines in the matter. The social problems facing mankind were universal in nature and could not be viewed purely within a North-South perspective, any more than they could within the perspective of the—presently non-existent—East-West confrontation. In all societies, those problems were the source of serious tensions. Poverty, unemployment, drugs, environmental degradation, hopelessness among the young or the role assigned to women in patriarchal cultures were not the dubious monopoly of underdevelopment alone.

47. Traditional concepts of security based on strategic and military ideas were incapable of taking into account the full complexity of problems which, for the most part, were social, economic or environmental in origin. For example, the fact that a billion people were living in extreme poverty was, in the same way as drug abuse and environmental degradation, a latent source of insecurity and instability at the national, regional and world levels. It should be recognized that the individual and social security of citizens was as important as, or even more important than, the internal or external security of the State. To define those modern ideas on security was an urgent task. The Council ought to be capable of accepting the realities and adjusting its work accordingly.

48. The limitations of the market economy in the matter of reducing poverty and promoting the social well-being of the most disadvantaged sector of the population had to be recognized. A policy which encouraged economic expansion and increased employment opportunities together with an equitable fiscal system were also necessary. Without a general framework of simultaneous support to growth and to social justice, sectoral measures aimed at eliminating poverty would be ineffective.

49. The national budget was the instrument by means of which such concepts could be transformed into politi-

cal realities. At the international level, it had hitherto been IMF that had been most concerned about the composition and balance of national accounts within the framework of its functions, namely, granting loans and supervising the international monetary order. The Council might usefully develop the habit of examining the questions before it on the basis of a more thorough analysis of their implications for national budgets.

50. The current system of international economic relations suffered from a persistent anomaly which consisted in applying a double standard. While on the one hand the advantages of an open economy and the need to maintain a budgetary balance and to carry out privatizations were preached to the developing countries, there were more and more refined manifestations of protectionism, huge budgetary and trade deficits and numerous examples of striking successes achieved by conglomerates in which public capital played a determining role observable in the developed countries. The truth was that an open economy with balanced accounts and a strong private sector was more and more widely accepted as the best contemporary model for economic success, provided it was accompanied by flexible policies adapted to all national or regional situations and provided it incorporated a judicious combination of economic, social, environmental and political measures.

51. In order to reconcile economic efficiency with social efficiency in a lasting manner, a growing level of national consensus between the main social and political agents was required. No one could take the place of the country itself in the task of building a nation, strengthening its identity and giving its people the feeling that they belonged to the same society. For the developing countries, the achievement of their own national integration was an arduous task. Obviously, however, failure to rally support for their political systems and development projects and the resulting internal divisions would create an additional factor of weakness at the international level.

52. For a variety of reasons, many countries and regions of the third world were currently going through a period—only temporary it was to be hoped—of great international weakness. It would be regrettable if that situation were used as an excuse for doing nothing to help them solve their problems. In the last analysis, what should ultimately unite all nations, inspired by the Charter of the United Nations, were the humanist values to which they subscribed and which should govern relations between States as well as within individual countries.

53. Dr. ABDELMOUMÈNE (Deputy Director-General, World Health Organization) said that WHO was greatly heartened by the fact that the international community was once more focusing its attention on the question of multilateralism, and hoped that the unprecedented changes of recent months, which had reshaped the international political environment, would help to strengthen the multilateral approach in the social and economic fields of the United Nations system. Such an approach, with intersectoral cooperation, was essential in the field of health in order to achieve the goal of health for all; contemporary societies being afflicted by dramatic inequalities in that regard.

54. Between 1985 and 1988, WHO had conducted concerted efforts to monitor progress towards that goal. Progress in the 42 least developed countries, characterized by the lowest socio-economic and health indicators, had been particularly disappointing. In 1989, the Director-General of WHO had launched an initiative for intensified cooperation with the most needy of those countries. That initiative, in which 23 countries were currently participating, sought to channel all available resources into coherent and coordinated action, with particular emphasis on programmes designed to strengthen health-system infrastructures in the light of each country's self-determined needs. Multilateral cooperation was crucial to the initiative, in which other United Nations agencies, as well as financial institutions, development banks and bilateral agencies, were already taking an active interest. The achievement of an adequate level of health for all people which would permit them to live socially and economically productive lives was a goal to which the entire international community was committed, particularly under General Assembly resolution 34/58 of 29 November 1979. It was also a basic human right. In that context, he wished to mention a few high-priority areas which demonstrated the need for close multilateral cooperation.

55. The first among such areas was that of the environment. The disastrous effects of environmental degradation on human health weighed heavily on individuals and communities and had a negative effect on their ability to contribute to development efforts. WHO, through its Commission on Health and Environment, was contributing to the international efforts to improve the environmental situation and people's standard of living.

56. A special concern of WHO was tobacco, both as a commodity and as a danger to health. The Director-General, aware of the plight of certain countries which depended heavily on tobacco production to sustain their weak economies, had agreed with the World Health Assembly meeting in May 1991 that it was essential to bring to the Council's attention the serious socio-economic and health problems revolving around tobacco production and consumption in the hope that, in due course, the competent agencies would take up with WHO the important issues of crop substitution, industrial and tobacco trade issues, government subsidies to tobacco growers and import duties and taxes on tobacco products.

57. Drug abuse, which was seriously disrupting family life and local and national economies in both developed and developing countries, called for new and innovative approaches to prevention and treatment. It was a global phenomenon which called for a global and multisectoral response. Urgent attention should be given to the health implications of drug abuse and to ways of reducing its impact and the initial demand for drugs and alcohol. WHO, through its programme on substance abuse and

working closely with other United Nations bodies, was increasingly advocating a multisectoral approach using every level of the health sector, including primary health care.

58. WHO had noted with great interest that the UNDP Governing Council had broached the issue of drug abuse control and crop substitution, and had decided, by its decision 91/13 of 25 June 1991, to allocate resources to finance projects in that area and had urged the international community to increase significantly its support for such efforts. It therefore hoped that a similar effort to provide multilateral assistance to tobacco-related projects in the developing countries with a view to reducing their dependence on that crop would also be successfully negotiated within the international community.

59. Another area calling for intensive multilateral cooperation was that of the AIDS issue. The pandemic, which was entering its second decade, had confronted all societies and the United Nations system with unprecedented problems. While WHO had provided global leadership in confronting the resulting crisis, it had done so in a spirit of multilateralism, not least in its effort to plan adequate responses to the economic and social consequences of the pandemic. It was engaged in active and continuous discussion with UNDP, UNICEF, UNFPA and the World Bank with a view to fostering coordinated planning aimed at minimizing the impact of the pandemic on sectors other than health. In order to underline the urgency of such cooperation, the Director-General had decided that the theme for the current year's World AIDS Day would be "Sharing the Challenge" in order to convey the need for all those involved in AIDS prevention and control to mount a comprehensive assault in the years ahead, taking into account the health, social and economic aspects of the pandemic.

60. Lastly, in collaboration with its development partners, WHO would continue to make its own specific contribution to achieving the development goals adopted by the international community, and particularly to the International Development Strategy for the Fourth United Nations Development Decade. Its own work in international health was a direct contribution to human development and to achieving social equity, peace and justice.

61. Mr. PARK Soo-Gil (Observer for the Republic of Korea) said that in contrast to the 1980s which had been a "lost decade" for many developing countries, the 1990s should be a decade for development and prosperity. However, despite the hopes raised by the immense opportunities following the early end of the Gulf crisis and the dramatic changes that had occurred in political and economic sectors at the international level, the prospects for the economies of the developing countries were not bright. Those countries were suffering from an increasing burden of external debt, unstable international financial markets, falling commodity prices, a rising tide of protectionism and the heavy cost of structural adjustment programmes. The development of those countries was a most urgent task for the growth of the world economy. In that regard, his delegation believed that the Declaration adopted by the General Assembly at its eighteenth special session represented a momentous starting point for the attainment of the goals of peace and development, and reaffirmed its strong commitment to the successful implementation of the new International Development Strategy.

62. With the transformation of the economies of the Eastern European countries into market economies, the world was facing important challenges. For that reason, the convening of a Special High-level Meeting had been particularly timely. It was in the interest of the international community as a whole to support the reform under way in the Eastern European countries so that their transition to the market-economy system might be effected in a way that allowed the world economy to maintain stability and accelerate growth. At the same time, a major effort should be made to minimize the possible negative impact of the evolution of East-West relations on the economies of the developing countries.

63. The common prosperity of the world community would be further enhanced when each country pursued sound economic, industrial and trade policies and when each national economy could adapt to the changing conditions of the world economy. As free-trade policy was considered to be the best instrument to generate growth and prosperity, the persistence of protectionism posed a serious problem. The desire to arrest that trend had provided the impetus for the Uruguay Round, and all countries, especially the major developed ones, should seek to avoid further delay in reaching a successful conclusion to those negotiations.

64. The burden of external debt was another main obstacle to growth and development in many developing countries. More vigorous concerted efforts should be made to reduce the external indebtedness of those countries so that their economies might be restored to the path of sustained development.

65. His delegation welcomed the adoption of the debt-restructuring plan introduced by the Paris Club to assist several severely indebted lower-middle income countries. Political will and a sense of shared responsibility between debtors and creditors, including financial institutions, were needed more than ever.

66. The trend towards regional economic integration was also a cause for concern. The developing countries wanted to be sure that regional economic arrangements would be not detrimental but contributory and beneficial to the expansion of world trade as a whole.

67. Economic growth and environmental problems were closely interlinked. If the existing pattern of economic growth continued, serious negative effects on the biosphere could be expected. While countries could not be expected to abstain from industrial growth in order to preserve the environment, it was necessary to seek ways and means to accomplish environmentally sound and sustainable economic growth which caused as little harm as possible. The future of the planet should not be sacrificed for the sake of current necessities. It was to be

hoped that the United Nations Conference on Environment and Development would result in binding commitments on basic principles and action programmes.

68. The Republic of Korea, with no natural resources other than its human resources, had become the world's thirteenth largest trading nation, thanks to the free-market system. In recognition of the need to preserve and balance the benefits of that system with its trading partners, his Government was moving quickly to open the country's markets and was pursuing a multidimensional trade liberalization plan. The plan featured the lifting of import restrictions in every sector of industry, significant reductions in tariff rates and reforms of foreign investment regulations. As a result of import liberalization, 99.9 per cent of manufactured goods entering the Korean market would be free from any restriction by the end of 1991.

69. In the spirit of economic cooperation among developing countries, the Republic of Korea had sought ways and means of expanding, within the limits of its capabilities, the scope of its South-South cooperation. It had introduced a technical training programme for overseas participants in 1965 and established an economic development cooperation fund in 1987. He was happy to report that the development programme of cooperation with developing countries had entered into a new phase with the recent establishment of the Korean International Cooperation Agency. With that new institution consolidating all types of overseas cooperation activities, such as technical cooperation, grant-type aid and Korean youth volunteer programmes, Korea could look forward to systematic cooperative activities with the developing countries.

The meeting rose at 6.05 p.m.

21st meeting

Wednesday, 10 July 1991, at 10.25 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.21

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. NTABA (Observer for Malawi) said that the many expressions of commitment to the importance of strengthening multilateralism were welcome but the lack of action was disquieting. He hoped the present deliberations would have a practical outcome.

2. He fully agreed with the remarks made by the Deputy Director-General of WHO (20th meeting) concerning the importance of multilateralism in dealing with problems such as the environment, tobacco, drug abuse and AIDS. The multifaceted problem of tobacco with its effect on the economies of many tobacco-dependent countries, especially Malawi, was an example of how debate should be related to specific action. In WHO numerous resolutions had been adopted urging special attention for countries where tobacco production was economically significant. Tobacco provided Malawi with 67 per cent of its foreign-exchange earnings, and 30 per cent of its paid employment; tobacco contributed 60 per cent of agricultural earnings, which in turn accounted for one third of Malawi's GDP. The prohibition of tobacco-growing would lead to unsustainable urban migration of rural dwellers, who constituted 89 per cent of the population. Social services, already underfunded as in many developing countries, would be the first to suffer from reduced government revenue and the country's small manufacturing industry, one third of which depended on raw material imports, would be irreparably harmed if foreign-exchange earnings from tobacco were reduced.

3. Malawi's long-standing political stability and social peace, enjoyed since attaining independence 27 years earlier, could be largely attributed to its sound economy. Removal of the economic backbone, tobacco-growing, would lead to economic disintegration, political instability and erosion of social peace. An economy facing such risks should receive immediate safeguards and priority protection under WHO's tobacco or health programme, but Malawi's economy had received no benefits or assistance despite the provisions of WHO's many anti-tobacco resolutions.

4. The programme was having some unforeseen and undesirable consequences. While tobacco consumption was declining in the industrialized countries, the reverse was happening in the developing world and global consumption continued to rise. The tobacco problem was being transferred from the rich to the poor countries.

5. His delegation had confidence in WHO as a champion of countries and communities at risk. The tobacco situation seemed to reflect a lack of the much-needed active multilateral participation by other relevant United Nations agencies rather than neglect by WHO of countries in greatest need.

6. Malawi, for instance, could try to reduce dependence on tobacco by growing more tea, sugar and coffee, but international quotas would have to be eased to enable it to do so. It could grow more maize to diversify from tobacco and alleviate the region's chronic food shortages, but as a landlocked country, it would need help with transport subsidies and rehabilitation of the domestic and external transport infrastructure. Improved food-processing industries were needed to reduce the bulk of food exports; and policies and strategies in regard to trade, marketing and price stability would have to be adopted. Malawi would need balance-of-payments support and budgetary assistance if it were to cope with falling tobacco revenue and subsidize tobacco growers during diversification. Many facets of the complex tobacco problem demanded careful attention by several United Nations agencies rather than WHO alone. The case for multilateralism could not be clearer.

7. He requested the Council to place the question of tobacco on the agenda of an appropriate Council committee with a view to more generally viable solutions. He endorsed the call by the Deputy Director-General of WHO for more active multisectoral cooperation and hoped that UNDP, the World Bank and IMF would put the subject of tobacco on their agendas.

8. Mr. NEAGU (Romania) agreed that the international economic picture was not encouraging.

9. Economic growth had slowed to the lowest rate since 1983. Growth in world trade had also declined further and world trade and payment imbalances continued to exert pressure on interest and exchange rates and on the pattern of capital flows. The Gulf crisis and lack of progress in the Uruguay Round of multilateral trade negotiations had given rise to further uncertainty. The situation of the developing countries continued to deteriorate.

10. At the same time transformations in the perception and structures of world politics, economics, demography, technology, ecology and ethics opened new horizons for individuals and societies. Concern for basic human rights, individual freedom, racial equality and economic opportunity had stirred mankind as never before, while technology offered new opportunities for use of the earth's resources. The most dramatic transformations had occurred in Eastern Europe and were still under way. The task of shaping a new united Europe was so vast that the full potential of existing and possible new institutions needed to be mobilized to meet the challenges ahead. The specialized agencies had a major part to play. In that context, the convening of an inter-agency meeting by ACC to identify the tasks international organizations could perform to facilitate change in Eastern Europe and in East-West relations would help considerably. He commended ECE efforts to support the reform processes and the integration of the Eastern European countries into the Western European structures and welcomed UNDP Governing Council decision 91/24 of 25 June 1991, by which it decided to support the transformation and recovery process.

11. The Gulf crisis had demonstrated the links between political and economic security and underlined the need for machinery to promote economic security and ensure a system-wide response and coordination in economic emergency situations. Romania's economy had been severely affected by Security Council resolution 661 (1990) of 6 August 1990. Its direct losses amounted to $3 billion, nearly 14 per cent of GNP, mostly in the form of unrecovered external debt and suspended trade or cooperation projects and had greatly increased the difficulties of transition to a market economy. He hoped the Third Committee's deliberations on the United Nations response to emergency situations would lay the basis for machinery to relieve the most affected countries, including Romania. Operational activities for development were also important for assisting countries in need. He commended the latest efforts of ACC and the Director-General for Development and International Economic Cooperation to improve the efficiency of operational activities and hoped that further measures to strengthen the role and capacity of UNDP and the specialized agencies would be a priority issue in the revitalization and restructuring of the economic and social sectors.

12. Mass population movements had become a major concern of the international community and his delegation welcomed the UNHCR and JIU reports on the subject, which, together with the comments of the Secretary-General and ACC on the JIU report, emphasized the need for enhanced inter-agency coordination, improved resource allocation and innovative approaches to protect refugees and displaced persons, to assist them and find durable solutions.

13. Preparations for the United Nations Conference on Environment and Development in 1992 and the international meeting on population in 1994 provided an opportunity to strengthen awareness of ecological and population problems. There was a close and obvious link between the earth's ecological balance and economic growth possibilities. His delegation hoped the Conference would help remove the threat of ecological degradation through strengthened international cooperation, the development of environmentally sound technologies and the mobilization of additional financial resources.

14. World population growth, together with the development of new technology, called for fundamental changes in development policies and strategies. Since competitiveness, productivity and management capability were key factors in economic success, investment in human development was of primordial importance.

15. While there was no universal prescription for successful development, a new consensus on effective eco-

nomic development was emerging. It recognized the need for proper national and international macroeconomic management and more pragmatic policies, concentrating on such basic objectives as people-centred development, the creation of productive employment opportunities and an improved response to social needs, together with increased emphasis on the private sector and market forces.

16. Romania's choices of political pluralism, genuine democracy, the rule of law and a market-based economy were clear and irreversible. Those choices, and its firm determination to become an active and responsible member of the international community would underlie its efforts within the United Nations in the search for solutions to economic and social problems.

17. Mr. KOIKE (Japan) said that sustained economic recovery and price stability were the keys to securing a sound macroeconomic environment conducive to growth and prosperity. The industrial economies had the major responsibility for close policy coordination on fiscal and monetary policy. As the Managing Director of IMF had warned (17th meeting), savings might be insufficient to meet the anticipated global increase in capital requirements. There was an urgent need to increase national savings, especially through appropriate fiscal policies. Maintenance of an open multilateral trading system was equally important to sustained world economic growth. All forms of protectionism—unilateralism, bilateralism and inward-looking regionalism—must be resisted and the Uruguay Round should be successfully completed before the end of the year.

18. His delegation wholeheartedly supported Mr. Nyerere's statement (16th meeting) that responsibility for development lay with the peoples and Governments of the South, and reaffirmed its pledge to assist the peoples and Governments committed to self-reliant development. The increasingly diverse situations of developing countries were demonstrated by the rapidly growing Asian countries and the deteriorating conditions in many other countries, especially in Africa. There had nevertheless been some encouraging developments in various parts of the world in recent years and Japan was determined to provide bilateral and multilateral assistance to promote efforts in such areas as structural reform, broad-based participatory development, human development, market-oriented economy and private sector development, sustainable development and reduction of military expenditure.

19. In the first of those areas, all countries in transition, developing and developed, should vigorously implement structural adjustment programmes. In the short run, there would be many difficulties, but there was no other path to economic recovery and growth.

20. In the second, the South Commission report (A/45/810 and Corr.1) correctly stressed that development must be people-centred and should benefit the whole spectrum of society. Democracy, human rights and good governance were vital to development, and corruption must be stemmed.

21. As regards the third, the UNDP publication *Human Development Report 1991*[1] pointed out that the level of development could not be measured solely in terms of per capita GNP. Life expectancy, literacy rates and other human factors had to be taken into account. People were both the object of development and the means of achieving it. Education, primary health care and vocational training, among others, should be given the highest priority in development programmes. His delegation welcomed the South Commission's stress on human resource development. The latter had enabled Japan, a country heavily dependent on imports of natural resources, to develop its industry and technology.

22. Regarding the fourth, history showed that a market-oriented economy, with an appropriate safety net and healthy competition, functioned well and was a better system. Many countries were moving towards such an economy and seeking to promote the private sector and entrepreneurship.

23. In the fifth area, the international community should break the vicious circle of poverty, population growth and environmental degradation by the end of the century. Such considerations should be fully integrated into national development plans and donor assistance programmes.

24. With regard to the sixth point, his delegation welcomed the growing international recognition of the need to reduce developing countries' excessive military expenditure for security and development reasons, a point that was stressed in the South Commission report and the International Development Strategy for the Fourth United Nations Development Decade.[2] Military spending in developing countries was reported to have increased over the past three decades at a rate three times greater than in the industrialized countries, reaching $173 billion in 1987. While recognizing the right of self-defence enshrined in the Charter of the United Nations, Japan hoped that the fundamental change in East-West relations and experience in the Gulf crisis would encourage developing nations to consider the feasibility of reducing military spending to create additional resources for socio-economic development.

25. Japan was in the fourth year of its five-year plan to double ODA, with a target of $50 billion. His Government had announced that in furnishing ODA it would pay attention to trends in military expenditure, the production and development of weapons of mass destruction, weapons exports and imports, and movement towards democracy, respect for human rights and a market-oriented economy. Those factors were not rigid conditionalities for aid, but were intended to encourage the peoples and Governments of developing countries to

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[1] Oxford, Oxford University Press, 1991.

[2] General Assembly resolution 45/199, annex.

spend less for military purposes and more on development. Other problems such as poverty, hunger and debt were no less important. Efforts must be made to achieve the common goal of development of the developing countries in a spirit of shared responsibility.

26. Mr. CALOVSKI (Yugoslavia) agreed with the Secretary-General's assessment (16th meeting) that the policies and arrangements for multilateral cooperation established in the aftermath of the Second World War had proved inadequate for ensuring stable, widely shared, balanced and sustainable growth. The aspirations of the Charter of the United Nations to higher standards of living, full employment, economic and social progress and development had remained largely unfulfilled.

27. The unexpected political developments of the past two years had produced fundamental transformations accompanied by severe economic shocks which had altered many assumptions regarding development. In addition, major advances in technology and communications had strengthened the globalization and interdependence processes but had widened the development gap and weakened the links between the industrialized countries and most of the developing world.

28. In the circumstances, it was clearly necessary to restructure the multilateral economic machinery to increase its efficiency and responsiveness. Global problems could not be solved at the national level. While economic development was the responsibility of the countries concerned, the international community had a parallel responsibility to ensure a global environment conducive to development. Multilateral cooperation had to be strengthened for that purpose.

29. The end of the cold war had resulted in major advances in the solution of regional conflicts and disarmament, in which the United Nations system had played a key role. The changes had not, however, been matched in global economic relations. There were still serious distortions and imbalances in international economic relations which the existing multilateral mechanisms and instruments, particularly the United Nations, found hard to correct. Protectionism, poverty, debt and environmental degradation remained. In 1990, the world had moved towards zero growth and the picture for 1991 was not much more encouraging. In most developed countries, growth had slowed causing a contraction of trade and capital flows. In developing countries, growth had been stifled for the third consecutive year. External indebtedness and the associated outflow of resources totalling $39 billion had significantly hampered investment and growth. Eastern Europe and the Soviet Union had experienced a serious fall in output.

30. Growth and development in a number of developing countries had been hit by natural and man-made disasters that had tested the ability of the United Nations system to respond efficiently and provide relief. The situation had been aggravated by the economic consequences of the Gulf crisis and a shortage of world savings available to meet the demand for capital.

31. Those factors had severely affected the Yugoslav economy and impeded implementation of the Federal Government's radical reconstruction programme in a situation fraught with internal political and economic difficulties.

32. The international community's priority goals should be the maintenance of an open multilateral and non-discriminatory trading system with assured market access, debt relief coupled with action to ensure adequate financial flows for development, poverty elimination and human resource development and facilitation of the transfer of technology, particularly environmentally sound technology, to developing countries.

33. Success in the Uruguay Round and the United Nations Conference on Environment and Development would contribute significantly to achievement of those goals. His delegation warmly supported the Secretary-General's proposal (16th meeting, para. 21) for an international conference on the financing of development as a step towards overcoming the shortage of investment capital.

34. Those issues had been dealt with in detail in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries,[3] the new International Development Strategy and the Programme of Action for the Least Developed Countries for the 1990s,[4] which had established guidelines for international economic cooperation and initiated a framework of economic and financial policies to promote growth and development.

35. Revitalization of the economic and social sectors of the United Nations had been given impetus by the General Assembly at its resumed forty-fifth session and the decisions adopted by the Council on the subject at its first regular session of 1991 had been encouraging, in view of the Council's unique position in the United Nations system as a coordinating and policy body and the lack of an international agency to deal with questions of policy consistency in the global economy. It was imperative to assess the possibility of forging stronger links and coordination between the World Bank, IMF, UNDP and the specialized agencies. While trade, finance and management of the world economy were the responsibility of separate functional entities, there was need for the system to work together as a whole. The opportunity furnished by the current interest in the reform of the multilateral machinery should be used to strengthen the United Nations system's capacity to function as a coherent instrument of multilateral cooperation.

36. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic) said that the movement towards a new era in relations among States, based on respect for law, human values and the political settlement of problems, had been

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[3] General Assembly resolution S-18/3, annex.

[4] See 16th meeting, footnote 3.

marked by a number of events, such as the Gulf conflict which had seriously disrupted the international economic system. In appraising the economic effects of the political events of recent years on national, regional and global economic problems, there was no denying that the political changes had outstripped developments in economic relations, as could be seen from the documentation before the Council and statements by delegations. The *World Economic Survey, 1991* (E/1991/75) highlighted the problems and contradictions arising from the restructuring of the world economy.

37. Despite the growth recorded during the past year in many developed and newly industrialized nations, the tempo was slowing down, due to factors such as slackening world trade and problems related to food and energy, protectionism, external indebtedness, fluctuating exchange rates and the fall in commodity prices. The unprecedented political and economic reforms in Eastern European countries had not yet achieved the desired results in the national economies. The favourable political climate, growing interdependence and an enhanced international division of labour had created the need for qualitative changes in world economic cooperation. The welcome breakthrough in that regard was reflected in the Declaration adopted by the General Assembly at its eighteenth special session. That text expressed the unanimously accepted principles for the establishment of new, open economic cooperation among States and an integrated world economy, the need for macroeconomic coordination and mutuality of interests, and an enhanced role for the United Nations system. Of exceptional importance was the Declaration's support for efforts by the countries of Eastern Europe towards economic reform and integration into the world economic system, including membership of international economic organizations.

38. Ecological issues were one of the world's major problems. Damage to the environment could seriously affect the resources for socio-economic development and threaten mankind's survival. A new approach was essential, including firm national and international action, as well as constructive collaboration and mutual assistance with a view to promoting economic development for the benefit of all nations and individuals. In that connection, his delegation hoped that the United Nations Conference on Environment and Development would agree on appropriate strategies and priorities, based on international cooperation.

39. It was hoped that the eighth session of the United Nations Conference on Trade and Development would provide a fresh impetus to multilateral efforts to solve the problems of international trade, for the benefit of all States and regions, thus making a practical contribution to the new world economic situation.

40. Regional cooperation was one of the Council's priority tasks. His delegation attached great importance to European activities in that regard, one particular feature of which was the growing recognition of the need for new structures for regional economic cooperation, in line with the political concept of a "common European home".

41. As reflected in the report of ECE on its forty-sixth session (E/1991/36), priority was to be given to reorganizing its structure and functions. It was significant that the member countries had stressed the need for enhanced European collaboration within ECE. Decision implementation measures, including new consultation machinery, must be aimed at enhancing the Commission's role and mobilizing its potential so as to assert its due position in the new all-European structures. But the reorientation of the Commission's work should not impair cooperation in other fields of interest to many countries, including the Ukrainian SSR. His delegation noted with satisfaction the Commission's activities concerning the problems of Central and Eastern Europe. The measures being pursued would directly benefit the countries undergoing transformation to a market economy.

42. Since the second ordinary session of the Council of 1990, profound changes had taken place in the social and economic life of his country. The adoption, by the Supreme Soviet of the Republic, of the Declaration of State Sovereignty and of laws such as the Law on Economic Independence had established a sound political and legal basis for a radical transformation of the economic mechanism, and for the establishment of the Ukrainian SSR as a partner in international relations and a direct participant in European structures and programmes. Despite the recent reforms, however, the country's social and economic situation remained serious. In 1990, for the first time in many years, the overall social product had fallen in absolute terms and incomes had risen faster than output of goods and services, resulting in inflation and increased consumer demand.

43. The major trend in the Republic's political economy was transformation to a market economy, pursuant to a recently adopted parliamentary decision. New legislation guaranteed equality of legal protection to all forms of ownership and to the development of private enterprise. The Ukrainian SSR was pursuing an independent course, on the basis of State sovereignty, in broadening trade and economic ties with other countries, on the basis of equality and mutual interest. Therefore, assertions such as that made in the *Financial Times* of 9 July, that the Ukrainian authorities were attempting to block reforms from Moscow, were unfounded.

44. The efforts to transform the national economy of the Ukrainian SSR were still seriously hampered by the enormous cost of dealing with the consequences of the accident at the Chernobyl nuclear power plant, which had transcended the region's boundaries and become a global problem requiring the constructive cooperation of the entire international community—as had been recognized in Council resolution 1990/50 of 13 July 1990 and General Assembly resolution 45/190 of 21 December 1990. His delegation would speak in more detail on that subject during the Council's deliberations on agenda item 6.

45. Mr. WALKER (Jamaica) said that the international community's new grasp of the meaning of international cooperation was evident from recent action in the Gulf crisis, joint efforts to solve long-existing regional conflicts, the response to developments in Eastern Europe, the support that had led to the independence of Namibia, and the preparations for the United Nations Conference on Environment and Development. With the end of the cold war, the role of the United Nations, and its capacity to function effectively, had been enhanced, and the world was moving into an era in which opportunity existed for, and circumstances demanded, a greater role for multilateral institutions.

46. External indebtedness was an area that demanded the acceleration of multilateral cooperation. Without decisive action to free economies from the stranglehold of debt, the massive transfer of resources from those economies, in the form of debt-servicing, would make it almost impossible for them to allocate meaningful resources to other areas of development. International recognition that more needed to be done must be turned into action.

47. On a per capita basis, Jamaica was one of the world's most indebted nations. It was also a net transferor of resources, paying considerably more to the multilateral financial institutions than it received from them, since debt to those institutions represented 40 per cent of the total. Jamaica's burden largely derived from the fact that the multilateral lending agencies' rules did not permit the rescheduling of loans. Jamaica was not advocating a retreat from the sanctity of contracts, nor did it expect to be allowed to walk away from its debt obligations, but it believed there was an urgent need to review the rules of the multilateral financial institutions. The burden of debt-servicing could be lightened without affecting the high standing of those institutions. In many countries engaged in market-driven strategies where growth would be led by the private sector, the advantage gained was negated by the sheer weight of the debt burden. As third world debtor countries represented more than half of humanity and more than half the potential market for the lending nations' exports, it was in the interest of the developed countries that a solution should be found.

48. Options which had been suggested included the lengthening of maturities for existing loans and the refinancing of loans falling due. Some countries could be assisted by raising the threshold for access to concessional funds, currently confined to countries with per capita income of up to $940. A major advance would be to use part of the expected reduction in military expenditure to create a new facility to supplement the funds of IMF and the World Bank. The new pool could be used to reschedule debts due to the multilateral lending agencies in the case of economies undergoing structural adjustment programmes.

49. Renewed efforts were under way in the Uruguay Round to forge a new consensus on removing existing barriers to world trade. The developing countries were particularly concerned to ensure that any agreement achieved would enhance their ability to export products in which they enjoyed a comparative advantage.

50. Changes in the relations among States had recently led to a number of new free trade agreements at the regional and subcontinental levels as a necessary complement to wider trading. The Caribbean Community (CARICOM) aimed to establish a fully integrated single market by 1993. Jamaica was fully aware of the importance of the integration process for economic development and for enabling the region, and the individual countries within it, to survive as viable trading entities in an increasingly competitive world environment. The recent "Enterprise for the Americas Initiative" covering trade, investment and debt relief in the hemisphere, offered important and potentially far-reaching possibilities. Jamaica had taken a positive attitude towards the Initiative and with other members of CARICOM had agreed to work together, as a group, to take advantage of the opportunities it offered as soon as it had been brought fully into operation.

51. During the recent Gulf crisis, the world economy had faced the possibility of a crippling disruption of oil supplies. The severe economic hardships that would fall on non-oil-producing developing countries, such as Jamaica, as a result of any such disruption, or a dramatic escalation of oil prices, had been brought to the fore. Those countries could not afford to leave their economies vulnerable to such an event. The fundamental long-term issue of world energy supplies must be addressed and a mechanism established to enable both producers and consumers to enjoy the benefits of a stable oil market. Jamaica welcomed the initiative of the President of Venezuela and the President of France in arranging the recent meeting of oil producers and consumers in Paris.

52. Many developing countries had been obliged to pursue structural adjustment programmes that limited public expenditure in vital areas. Nowhere had the effect been more damaging than in human resources development. Jamaica, with the assistance of the World Bank and the support of a number of bilateral and multilateral agencies, had launched a human resources development programme to reinforce the human and social aspects of development. The programme was designed to reverse the deterioration resulting from earlier structural adjustment by focusing deliberately on education and health. Other countries could benefit from the experience. There was growing recognition that economic and social development were mutually reinforcing and that economic and social progress depended on involving people in development.

53. Mr. DITCHEV (Bulgaria) said that new conditions required new approaches to international cooperation in all fields, particularly economic relations. The effort to rethink ways of achieving sustainable and growth-oriented economic development based on broad dialogue had been reaffirmed by the Declaration adopted by the General Assembly at its eighteenth session and the new International Development Strategy. They offered a

sound basis for the development of international economic cooperation in the 1990s, in conditions of growing interdependence where each country was responsible not only for its own development but for world development as a whole.

54. Achieving sustainable development demanded a favourable international economic environment. Adequate solutions must be found to such major destabilizing problems as foreign indebtedness, increasing poverty, population questions, environmental degradation, economic imbalances and the need to revitalize economic growth and development in the developing countries. The Special High-level Meeting, held on 4 and 5 July, had confirmed the urgent need to integrate the Eastern European countries into the world economy, which would give a positive impulse to international economic relations. All those problems could only be settled through effective multilateral cooperation.

55. The human aspects of development were of prime concern to the international community. The ultimate goal of national economic policies was to improve living standards. Guaranteed human rights and fundamental freedoms stimulated creativity and initiative. Social development was thus an important factor in world economic development.

56. Bulgaria was currently undergoing a far-reaching process of democratization and transition to a market economy, accompanied by radical changes in all spheres of social and economic development. A new Constitution was nearing completion and the first stage of an economic stabilization programme, worked out in cooperation with IMF and the World Bank, had already been concluded. Interest rates and prices had been liberalized, strong anti-inflationary measures had been undertaken and a new currency regime enacted, based on the interbanking currency market and a unified currency rate aimed at achieving convertibility. The import/export regime had been liberalized and a clear-cut strategy for dealing with foreign indebtedness was being implemented. A set of new laws had been adopted creating the necessary conditions for the development of a market economy. Those measures had been made possible by a broad national consensus, but the success of domestic reform and the creation of conditions for stable growth would depend largely on timely and adequate external financing. His Government, therefore, while fully alive to its own responsibilities, attached particular importance to the political, economic and financial support of the international community.

57. The transition to a market economy was accompanied by tremendous difficulties. The dissolution of CMEA and the economic after-effects of the Gulf crisis had strongly affected the Bulgarian economy. Direct losses from the Gulf crisis alone amounted to over $1.5 billion a year.

58. Bulgaria was currently opening itself to the world, seeking solutions to its problems by discarding ideology and adhering to universal values and equitable partnership. It believed in multilateral economic cooperation and expanded opportunities for all countries to participate in international economic organizations and financial institutions. Bulgaria's integration into world and European structures of trade and finance was of prime importance to it. In that connection, he noted that relations with its former partners in CMEA were being rebuilt on the completely new basis of a free market and convertible currency.

59. Bulgaria supported the effort to enhance the United Nations role in uniting the international community's efforts to find solutions to global development problems and foster international social and economic cooperation. It attached particular importance to the current restructuring of the United Nations economic and social sectors.

60. Mr. BENHIMA (Morocco) said that the documents before the Council showed that the economic and social situation of the developing countries, particularly the least developed, had deteriorated drastically. Africa was an extreme example, but the situation of most developing countries was equally dramatic. The question arose, therefore, whether the approaches to development of the last 30 years had been appropriate. The discouraging results achieved suggested that a new approach was needed, particularly since the new international political context would make it possible to proceed impartially and pragmatically.

61. Economic interdependence and the globalization of interests and markets inevitably implied the internationalization of problems. Measures taken at the national and regional level could help to solve some world problems but could also exacerbate them. Because of the complexity and interaction of international economic, trade and financial relations, they could also produce unexpected perverse effects on the countries taking them. It was therefore vital to reinforce collective decisions taken in a multilateral framework and to ensure that they were reflected in tangible results.

62. Questions of development and environment were becoming increasingly interlinked. Rational management of the world's resources was vital to safeguard the physical environment and make better use of non-renewable resources that would be needed by future generations.

63. The United Nations Conference on Environment and Development would be an opportunity to take a fresh look at the question of sustainable development. Other meetings or arrangements dealing with specific environmental questions should be used to undertake a dialogue leading to agreement on such matters as resources for financing the transfer of technology and know-how in the field of environmental protection free of charge or on concessional terms.

64. Water, as vital a resource as air, was becoming increasingly scarce and polluted. The International Conference on Water and the Environment, to be held in 1992, should review medium- and long-term water problems and prepare a programme of technical and financial as-

sistance to developing countries threatened with water shortages. An international fund should be set up to finance programmes to end the pollution of world water reserves so as to help developing countries use technologies to manage their resources better. Part of the debt of developing countries might be allocated to such an international fund.

65. The obvious slow-down in world economic growth, together with the increased pressure on international savings caused by restructuring in Eastern Europe and reconstruction after the Gulf war meant that the developing countries' needs for financial resources for development were increasingly costly and difficult to satisfy. His delegation welcomed the Secretary-General's proposal (16th meeting, para. 21) to convene an international conference on the financing of development. It hoped a conference could be held as soon as possible and would take bold steps. His delegation also hoped the financial community would show greater solidarity towards developing countries which had suffered the effects of the most recent political and economic crisis and the slow-down of world economic activity.

66. It was obvious that, in addition to the initiatives and strategies already adopted, steps must be taken to alleviate the external indebtedness of the developing countries. The global reduction in the public debt of some heavily indebted countries was to be welcomed and should be extended to other countries with a high level of public debt. That was the only alternative to repeated reschedulings. It would free resources for development and encourage direct foreign investment to offset the investment shortfall during macroeconomic stabilization and structural adjustment. The flow of resources to the developing countries should lessen adjustment costs by promoting employment and enhancing social expenditure on housing, health and education.

67. To ensure an internal environment favourable to such flows, the domestic institutional and legal framework of the host countries needed to be adapted. Capital surplus countries should take steps to encourage investment.

68. Failure of the Uruguay Round would worsen the difficulties of developing countries engaged in adjustment programmes, since protectionism cost the developing countries twice as much as the ODA they received. The problem of capital transfer was largely a problem of market access for developing country exports.

69. The trend towards regional arrangements for economic or even political integration could, if directed towards better use of common resources, be a step towards an open and effective world economic system. The Arab Maghreb Union was working on the broad outlines of a strategy of economic and political cooperation. It was the Maghreb's ambition, through its geographical situation, to enhance its role as a link between different civilizations and geographical areas.

70. The interdependence and internationalization of socio-economic problems demanded agreement on the aims to be achieved through a supervisory mechanism that would harmonize and coordinate macroeconomic policy and correct the distortions that hampered the growth of the international community as a whole. Such a mechanism would be valuable as a means of dealing with the challenges of the next decade and the risks of instability and the implosion of societies through socio-economic frustration. The international community should find ways of dealing with endemic problems by promoting a more predictable international environment that would enable the developing countries to become partners of the developed countries using their own resources for self-development.

71. Mr. NGIDI (Botswana) said that deep poverty was rife in all the developing countries, particularly the least developed. The situation was worst in Africa, where the living standards of most people were no better than at the beginning of the 1970s. High rates of population growth meant that per capita incomes remained low even in countries where economic growth was positive. Africa was also faced with a foreign debt amounting to $272 billion at the end of 1990 and growing fast. The amount might seem small compared to global debt figures but debt service ratios, indicating that most export revenues went to debt repayment, showed the enormity of the problem. Substantial debt reduction was urgently needed. Any measures short of a drastic reduction would have minimal impact even if they were accompanied by adjustment programmes and reduced unnecessary expenditure. He strongly hoped that the current climate of consensus and belief in the desirability of multilateral action would lead to solutions.

72. The CDP report (E/1991/32, paras. 41-43) took up the issue of graduation from the list of least developed countries. While Botswana had no problem with the concept, it believed that a country should be graduated only after achieving self-sustaining long-term development. The process should not degenerate into a purely statistical exercise that failed to reflect the situation in the country concerned. The new criteria proposed by CDP did not adequately take into account situations such as that of Botswana, of which much of the output resulted not from production but from the sale of assets. As a result, per capita GDP did not truly reflect the level of economic development. Net domestic product per capita, taking into account depreciation and depletion of natural resources, would be a much more appropriate measure.

73. The economic diversification criterion should be given greater weight. Botswana was highly dependent on revenues from the mineral sector, especially diamonds, over the price of which it had no control. The mineral sector had contributed 51 per cent of GDP in 1988/89, with diamonds alone accounting for 77 per cent of export revenue and over 50 per cent of Government revenue. The share of manufacturing was only 4.2 per cent, reflecting the very low level of diversification.

74. The Government was doing everything possible to redress the unfavourable situation, for example by offering generous financial incentives to local and foreign in-

vestors in order to promote productive manufacturing activities. Considerable progress had been made since independence in 1966 but the country still had a long way to go towards economic diversification and long-term development.

75. Given that the proposed criteria were of varying significance and relevance to various countries, Botswana suggested that graduation should be considered only after countries could satisfy them all. That would help to reduce subjectivity and uncertainties and would reduce the chance of countries having to be re-admitted to the group after graduating from it prematurely. The suggestion was in the best interests of all the least developed countries and should be seriously discussed during the session.

76. Further, countries should be given notice before they graduated from the list, to enable them to take that factor into account in preparing their development plans. In Botswana's case, for example, the seventh national development plan (1991-1996) assumed that external assistance would remain at current levels. Accordingly, out of a total development budget of $3.4 billion for the period, external assistance was expected to cover $1.4 billion, of which $465 million was estimated to be in the form of grants. If Botswana was taken off the list and the level of external assistance fell, the development programme would be disrupted causing enormous damage. Some of the grants and concessional loans received by Botswana from bilateral donors came because it was classified as a least developed country. Its reclassification would cause major adjustments in planned projects and lead to increases in budget deficits that would negatively affect the effort to provide an adequate social and economic infrastructure throughout the country. It recommended, therefore, that "prospective graduates" should be given advance warning. Five years, which was the life span of most least developed country development plans, would seem a reasonable period. It would be disastrous to drop countries from the group without warning and a period of grace. He hoped his delegation's proposal would be discussed and taken into account in the Council's recommendations to the General Assembly.

77. Mr. ARRIA (Observer for Venezuela) said that the Council's discussion of the economic and social situation of mankind should be more than a ritual exercise. If means could be found to bring the facts it embodied to the notice of international public opinion, action by the most powerful countries to discharge their responsibilities might be considerably accelerated. The international communications networks, especially television, were guiding world opinion on a wide range of subjects, as the growth in ecological awareness showed. Would it not be possible for the Council also to assume the role of spokesman for the aspirations, needs and realities that were reflected in its studies and proceedings? The non-governmental organizations, which represented the most active militant forces in international society, might also be more closely involved and thus help to publicize the projects and initiatives that a great part of mankind were calling for, and that another smaller, and more prosperous part was unaware of.

78. The *World Economic Survey* was an important and provocative document, and it called for a matching response. The analysts should not be bolder than the policy makers responsible for the future of development. In spite of the major structural reforms the ECLAC countries had been carrying out, their GDP had fallen by 0.5 per cent in 1990 and their per capita product had receded to 1977 levels. Even more alarming was ECLAC's forecast that the current year would probably be another year of zero growth.

79. Another ground for concern was the widening technological gap between East and West and North and South. It would be a cruel irony if the spectacular advances in technology should divide mankind more deeply.

80. The emergence of a new "borderless economy", referred to by the Secretary-General in his report on multilateral cooperation in international economic affairs (see E/1991/72, para. 11), was a great opportunity for the industrial countries but a great danger for most developing countries. The question was how to avoid the exclusion of the developing countries and to enable them to share in the benefits of such an economy. The United Nations should play a key role in that regard.

81. With reference to the debt problem, he strongly supported the Secretary-General's call (16th meeting, para. 17) for bold measures, and welcomed his reference to the importance of the Paris Club's decision to write off much of Egypt's and Poland's debts as a pointer to the solution of other indebted countries' problems. The debt burden still threatened the economic life of many nations.

82. The lack of international cooperation on world energy problems was beginning to be remedied, and the recent Paris meeting between representatives of oil consumers and producers had marked an important step forward. The initiative of the French and Venezuelan Presidents had been supported by a large group of countries, OPEC and the International Energy Association. He welcomed the decision to hold a further technical meeting in Oslo.

83. Turning to international trade, he said that there was an urgent need for the GATT provisions to be updated. It was regrettable that they still covered only a third of world trade. A successful conclusion of the Uruguay Round was of vital importance. Collapse of the Uruguay Round would be disastrous in terms of lost opportunities. In that connection, the United States of America, the EC and Japan had a special responsibility. He welcomed the statement by the representative of the Netherlands on behalf of the EC and its member States (17th meeting) concerning the need for successful conclusion of the Round. The blame for its eventual failure could definitely not be placed on the developing coun-

tries, which had contributed substantially to the strengthening of the multilateral trading system.

84. He had been greatly impressed by the statement by the Executive Secretary of ECA (19th meeting), who had emphasized that, although marginalized and peripheral, Africa was an essential part of the global economic system, and had argued that a world that turned its back on a continent with such great potential would be the poorer for it. That call deserved a positive response from the international community.

85. In conclusion, he wished to cite the views recently expressed by Mr. Carter, the former President of the United States, that the new dimensions of national and international security called for new measures on the part of the rich nations and that expenditures on the transfer of energy technology to the developing countries and on housing, child care, and environmental protection would ensure greater security than military expenditures.

86. Mr. ROBEL (World Confederation of Labour) said that it was clear that injustice, poverty and inequality were on the increase. According to UNDP, the number of the poor in developing countries now stood at 1.2 billion, most of them in Asia and Africa. Unless immediate action was taken, more than half the African population would be living below the poverty threshold by the end of the century. In Latin America, the debt crisis, barriers to exports, the fall in commodity prices, and inflation had increased malnutrition and infant mortality in many countries. In the developing countries as a whole, 1.5 billion people had no access to elementary health care, a fifth of the population suffered from hunger, and more than a million children under the age of five died every year. The great majority of people were not decently housed and the oppression and discrimination suffered by women were indescribable. While growth was usually quoted in terms of increases in income in the industrialized countries, poverty was far from eliminated in their case too, and young people, ethnic minorities, the unemployed and the marginalized remained poor. Throughout the world the gulf between rich and poor was widening. Average income in the countries of the North was 18 times higher than in the South. Various reasons, such as the political reforms in Eastern Europe and the Gulf war, were put forward in the *World Economic Survey, 1991* for the slowdown in economic activity in all regions. The authors expressed doubts about the policies pursued and voiced the suspicion that it was international cooperation that was at fault. The fact was that the development model based on a North-South axis had created structures that were working to the disadvantage of the majority of third world countries. Economic dislocation, and a deterioration in the terms of trade had gone hand in hand with national policies characterized by ignorance, corruption, tyranny and excessive expenditures on prestige and armaments. The system based on profit and competition had generated cyclical crises, led to growth without development, widened the gap between rich and poor, and had failed to stimulate employment or to develop basic social services. That situation was in danger of being repeated in other countries as a result of the infatuation with privatization. It had been evident for some time that the United States Agency for International Development was making privatization a condition of a large part of its assistance, that a number of companies in Africa bought out by multinationals had simply been closed down, and that generally speaking recipient countries were in a very weak bargaining position. The Confederation believed that no development project could ignore the verdict of history on the liberal, mercantilist system, the records of the command economies, or the underlying causes of underdevelopment in the poor countries. It was regrettable that the Council, in its resolution 1991/4 of 30 May 1991, had had to note with concern that the interim report of the Secretary-General on the world situation had not adequately focused on the continuing deterioration of the economic and social situation in many developing countries.

87. In the Confederation's view, a new economic, social and political order, not imposed by the powerful but in accord with United Nations principles, must entail on the national level: respect for democratic rights and liberties, in particular those of workers and their union organizations; fuller participation of the entire population in the development process; the struggle against inequality, discrimination, racism and corruption; the application of concerted economic and social policies, with emphasis on the essential needs of the greater majority; and sound resource management. At the international level it was imperative to find a lasting solution to the debt problem, expand trade, raise commodity prices and establish a stable market regulation system, and increase untied multilateral and bilateral development assistance.

88. The Confederation welcomed the Council's decision to hold a world summit for social development.

Organization of work

89. The PRESIDENT announced that the President of the General Assembly at its forty-fifth session was visiting Geneva and wished to address the Council. His address would be given at the 24th meeting, on Friday, 12 July, at the conclusion of the informal exchange of views on the economic, social and environmental consequences of the situation between Iraq and Kuwait and its short-, medium- and long-term implications. In that context, he reminded delegations that the informal exchange was intended to foster dialogue between panellists and delegations. He urged participants not to read prepared statements and not to preface questions with lengthy introductions.

90. Mr. AHMED (Bahrain) said that he had not been in New York when the Council had discussed the informal exchange of views and would welcome an opportunity to consult other delegations before the exchange took place because the subject was of direct concern to

his country. He asked whether the meeting could be scheduled for 13 July.

91. Mr. STOBY (Secretary of the Council) observed that the question of holding the exchange of views had been discussed at length by the Council earlier in the year, that a number of informal meetings had been subsequently held and that the decision to hold the exchange on 12 July had been confirmed at the first meeting of the session of the Council. It would be difficult to reschedule the meeting.

92. Mr. AHMED (Bahrain) said that he would not press his suggestion.

The meeting rose at 1.05 p.m.

22nd meeting

Wednesday, 10 July 1991, at 3.20 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.22

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. MOORE (United States of America) said that the Gulf crisis and its aftermath, as well as the developments in Eastern Europe served once again as reminders of the extreme interdependence of the world today. Other major changes also in the industrialized nations, such as the reunification of Germany and the accelerated pace of integration in the EC, brought with them both challenges and opportunities. Such developments, combined with the globalization of financial markets, showed that each country must look to its own interests, while working collectively to achieve common objectives of prosperity and freedom. Multilateral cooperation in international economic affairs meant sharing responsibility, with each country being ultimately responsible for its own economic development and the international economic community having the duty to provide a supportive environment for all its members.

2. That cooperation depended on a multiplicity of institutions and on interaction among them; the major institutions were Governments, regional institutions and arrangements, other international organizations, transnational corporations, private organizations and groups active, for example, in the environment and human rights and lastly, the United Nations system. All those elements were needed in order to deal effectively with the many questions and concerns of the contemporary world which, not too long ago, were largely national concerns but which at present were largely transnational: economic development and the elimination of poverty, human development in the social and political fields, refugees, returnees and displaced persons, narcotics, the environment and human rights.

3. Four examples illustrated aspirations and progress in multilateral economic cooperation: the eighteenth special session of the General Assembly on international economic cooperation, the efforts made by the United Nations system to assist operational activities for development, the work currently under way to revitalize the Council and various initiatives to reform the United Nations. The United Nations had recently made great advances in the areas of political activity, security and peace-keeping and in its willingness to address transnational issues. It was now poised to deal with the underlying economic and social conditions constituting the root causes of political conflict and violence.

4. The state of global economic growth might be the ultimate transnational issue. However, the world economy had slowed dramatically over the past year, after a decade which had seen some progress and development, but not for everyone. Important changes in the world's political perspective signalled a better decade ahead and there were hopeful signs of recovery in some quarters, especially in the United States of America. Economists believed that rational monetary and budgetary policies were needed for a sustained global economic recovery, that would engender growth. But what in fact was meant by growth?

5. It was generally agreed that growth was important for achieving common goals, such as poverty reduction. But, as the President of the World Bank had recently stressed, not all types of growth were equally desirable: the kind to which all aspired was sustainable growth, which improved the conditions of life for ordinary people in devel-

oping and emerging countries. Moreover, as the Director-General of IMF (17th meeting) had said, beyond money, the real sources of growth and human progress were many, whether they were education, technological change and innovation or the improvements that sprang from the creative energy of entrepreneurs.

6. That was why it was important to reinforce the trend towards efforts to create an enabling environment for the private sector around the world. Economic liberalization and political liberalization went hand in hand. However, that could not be achieved instantaneously, according to a single model or without outside support. Thus, as indicated in a recent World Bank report, given the close interdependence between industrialized and developing countries, there was clearly a need for Governments, at both the national and multilateral levels, to take account of developing country concerns when formulating policies affecting the world economy. In order to accelerate growth in the developing countries, there was a need for a supportive international economic environment, based on good economic management. According to the World Bank, that could lead to a near doubling of the growth of per capita incomes in developing countries. It would, however, be necessary to enhance the tools of multilateral cooperation in international economic affairs and, to that end, bring the Uruguay Round of multilateral trade negotiations to a successful outcome; reinforce international trade policies and foreign investment in developing countries, in order to integrate those countries more closely with the world economy; and improve fiscal policies in industrial economies to generate the additional public savings necessary to modernize their own infrastructure, as well as to meet the new demands for capital around the world. As the Group of 77 had stated in the autumn of 1990, the internationalization of the world economy required an equitable and effective mechanism of multilateral macroeconomic policy coordination, which should allow for greater participation by the developing countries.

7. The United States was strongly committed to raising global living standards and eliminating poverty and famine, both through bilateral and multilateral emergency humanitarian aid programmes and through assisting third world countries to become self-reliant. The United States had, furthermore, made major contributions to that end. At present, the resources of the Western countries were straining under the pressure of heavy and systematic demand, both domestic and foreign. Hence they found themselves in a quandary: at a time of great promise for the process of international economic liberalization, could they be encumbered from continuing to fuel global growth? That concern was sensed everywhere, but particularly in the developing and emerging countries, by peoples now primed to pursue political pluralism and market principles after many decades of beckoning by the West.

8. The international economic community must therefore identify resources and propose their allocation in the most effective way possible to ensure sustainable economic development and transition. Furthermore, as the representative of the Netherlands had said on behalf of the EC and its member States at the first meeting of the Special High-level Meeting, the developing countries should develop their own capital markets. At the forty-fifth session of the General Assembly, President Bush had stressed the essential role of the United Nations in any new world order, an order featuring open borders, open trade and open minds. In its economic dimensions, the new order would entail helping the newly emerging democracies to rebuild their economies, relying on an expanded partnership between the Government and the private sector, while encouraging the acceleration of non-inflationary world growth, the strengthening of the world trading system, the reduction of third world debt, cooperative efforts to preserve the environment and the elimination of drug trafficking and other threats to mankind.

9. Mr. SANTOS (Ecuador) said that the significant changes that had taken place in the world, particularly in Eastern Europe and in Latin America, had opened up new democratic spaces and enabled resources, formerly allocated for military purposes, to be released for use in combating poverty, hunger and unemployment. Peace and disarmament could be the chief pillars of world development. A new era had begun, which should be characterized by solidarity. The era of dependence and exploitation should be brought to an end, in order to begin a cycle of universal cooperation, which would lead to sustainable development.

10. With that goal in mind, it was crucial to strengthen the United Nations system, in particular the United Nations Conference on Trade and Development, to make international equity and justice the pillars for understanding among all peoples, without discrimination. It would be important to reach an international agreement for the eighth session of the Conference to consolidate multilateralism, to ensure free access to markets, to upgrade the system of preferences and to solve the problem of external debt by generous measures to assist the countries most affected and to halt the negative transfer of resources from the underprivileged areas to the industrialized countries.

11. Like most countries in Latin America, Ecuador had for some 10 years been implementing rigorous adjustment and stabilization programmes, the results of which had not yet been felt. In that connection it was appropriate to recall what should be the counterpart of that type of policy on the part of the other groups of countries, in particular the most developed: greater liberalization of their markets, agreements guaranteeing fair and remunerative payment for commodities, a sustained transfer of technology, an intensification of international cooperation, a satisfactory solution to the debt problem, etc. The eighth session of the Conference would provide a good opportunity to identify solutions to the problem of development, starting from the principle that the main responsibility rested with the countries themselves. It was to be hoped that the success of that session would also ensure the success of the United Nations Conference on Environment and Development.

12. He felt that the "magical" action of the market should be combined with indicative development planning. Besides, the market alone could neither transfer nor create science and technology. At the threshold of the twenty-first century, there should no longer be areas that were lagging behind in that field, nor inequality in the distribution of the cultural, scientific and technical heritage. Those new principles could be set out in an international instrument at the eighth session in the form of a "charter of interdependence and solidarity" which would provide a legal basis for the changes currently taking place, build peace on the basis of economic and social development and seek to achieve the dream of prosperity in conditions of equality.

13. Mr. ISMAIL (Malaysia) said that the *World Economic Survey, 1991* (E/1991/75), the statements by the Under-Secretary-General for International Economic and Social Affairs (17th meeting), the observer for Ghana on behalf of the Group of 77 (17th meeting) and other speakers, as well as reports from various agencies, reflected an international scenario of prospects, unfulfilled responsibilities and contradictions. Despite the breathtaking scientific and technological breakthroughs achieved, there was neither a global agenda nor a commitment to redress the asymmetries of an unequal world. The Under-Secretary-General had described the present juncture as a decisive time in international affairs. In fact, the question arose whether the international community, which had proved its ability to address conflict management effectively, could now address serious economic, social and humanitarian issues, whether the state of multilateral cooperation was ready for such consensus building and whether the industrialized countries were ready to work towards global consensus with the same kind of urgency as in the case of the environment. However, as the spokesman for the Group of 77 had said, so far the developing countries had hardly benefited from the present framework of international cooperation and the decision-making processes in the fields of trade, finance and development were taking place outside the United Nations system. The Under-Secretary-General had stressed that the international environment was unfavourable, unstable and unpredictable and had said that it was essential that in formulating their macroeconomic policies, the major economic Powers should pay close attention to the possible impact of those policies on the developing world.

14. However, the answers offered so far during the debate by the representatives of the developed countries had been that the developing countries should set their houses in order and reduce their military expenditures. While those points were valid, they certainly did not contribute towards the establishment of a conducive external environment that could accelerate development in the South. There had been few relevant comments on the institutions that made up the present multilateral framework of cooperation. The representative of the United States of America had admittedly referred to the multiplicity of interactions that made up multilateral cooperation, but had not defined exactly the contribution the North could make to the creation of a supportive economic environment. The United Nations machinery was far from being used as the focal point for global consensus; that seemed to belie the notion that there were increasing prospects for forging interdependence between the North and the South. The environment constituted an exception, because there, interdependence was indisputable. There were, however, other areas of interdependence and if they were not collectively addressed, the consequences of abject poverty, starvation and disease would increase in such proportions that they would also affect the countries of the North.

15. It had been accepted that development was about the total effectiveness of the human person as a resource. It was therefore completely untenable that the international community was unable to commit itself to a global agenda for the optimization of human resources in the countries of the South. How could one pontificate about the protection of human rights and civil liberties and at the same time close one's eyes to the desperate situations in those countries? To the extent that their Governments accepted responsibility for their own development efforts, the North must provide the external environment to support those efforts.

16. Malaysia formed part of one of the most active growth areas in the world. It did not need to be reminded of the necessity to implement effective national programmes or the relationship between development and human freedom. On the contrary, it could speak voluminously about its experiences in dealing with a hostile external environment. Surviving in an unequal world, it had also learnt many lessons. It was to be hoped that a corner would be turned and that there would be enough collective commitment to do things differently, to enhance the central role of the United Nations, to democratize the international process of decision-making and to establish a new relationship that would offset the severe disadvantages of the countries of the South.

17. Mr. JIPGUEP (International Telecommunications Union) said that his organization had always considered that there could be no development without telecommunications. The problems of hunger, health or the environment were obviously more pressing but they did have some connection with telecommunications, which had a synergetic effect on and involved other sectors and infrastructures. During the 1980s there had been an unprecedented explosion of progress in telecommunications technology that had produced an information technology which was penetrating a limitless range of human activity and was experiencing a veritable revolution. No one today could be unaware of the strategic importance of telecommunications in development and its impact on exchanges of all kinds.

18. Notwithstanding those fantastic advances, the gulf dividing the developing countries from the developed countries still remained and was widening steadily. ITU had therefore concentrated its assistance efforts in favour of developing countries on creating a more supportive institutional framework, on developing human resources

and on expanding networks. It also gave independent and impartial advice on the strategic and political choices that the developing countries were required to make when they had to liberalize, privatize or deregulate their telecommunication services and networks. In order to enhance its role in the development of telecommunications in the third world, ITU had set up a Telecommunications Development Bureau in 1990. Because of its concern to adjust to the rapid changes in the telecommunications field, it had embarked upon a thorough review of its own structures; the implementation of the recommendations resulting from that review should enable ITU to meet the challenges of the 1990s and the twenty-first century.

19. In addition to the activities which fell directly within its mandate, ITU continued to participate in and contribute to the major international debates taking place within the United Nations system. During the second regular session of 1989 of the Economic and Social Council, ITU had stressed the role that telecommunications would play in the international development strategy which was then being formulated.[1] ITU continued to believe that, for the developing countries, the strategy would be doomed to failure if due priority was not given to transport and communications in general and to telecommunications in particular. The developing countries themselves were fully aware of that fact, but they had difficulty in obtaining the necessary funds to finance the expansion and modernization of their networks. On average, only 5 per cent of the investments allocated to telecommunications in the developing countries was financed from external sources. It was therefore indispensable to increase the bilateral and multilateral assistance provided to those countries in a sector where the return on investment was very high. The financing institutions should also incorporate into their various projects a telecommunications component, which was usually very small.

20. In the developing countries, the bulk of the population and economic activity were located in the rural areas. The development of modern telecommunications systems that were easy to use could contribute greatly to expanding those areas. It was with that in mind that ITU had participated in the feasibility study on the Regional African Satellite Communication System (RASCOM) for the development of Africa which had just been completed.

21. Mr. ELARABY (Observer for Egypt) said that the ending of the cold war marked the beginning of a new era of genuine harmony among nations, based on a shared vision of man and his right to peace, security and freedom. It was to be hoped that such a new world order would also extend to the Middle East and would bring peace and security to it. Indeed, the reconciliation between the East and the West had not prevented violent conflicts from breaking out in other regions of the world entailing considerable human, material and ecological losses. In an increasingly interdependent world, peace was becoming an indivisible concept and the international community must therefore step up its efforts to establish a just, durable and stable peace in all regions of the world, without exception. The Gulf war should lead to strengthened international cooperation and international relations based on justice, legality and respect for the rights of individuals and peoples.

22. Development could not be realized without peace, but peace could not be consolidated without development. Efforts should therefore be made to ensure that the iron curtain between the East and the West was not replaced by a barrier based on poverty between the North and the South. The situation of the developing countries had deteriorated sharply in the 1980s: their share in world trade had declined, their terms of trade had worsened and the external debt and ensuing net negative transfers of resources were impeding their development efforts. While responsibility for development lay primarily with the developing countries themselves, they needed a favourable economic environment, which was the responsibility of the entire international community. However, the protectionist policies of the advanced countries were costing the developing countries $100 billion each year, or almost double the aid they received. Further, the structural adjustment efforts involved a considerable social and human cost, whence the necessity for the international community to help the development process to retain a human face.

23. The period of transition through which the countries of Central and Eastern Europe were passing was proving longer and more difficult than had been anticipated. Egypt was aware that those countries should be able to have access to resource inputs which would enable them to overcome their difficulties, but it also considered that the aid which would be extended to them ought not to be at the expense of the developing countries, whose difficulties were greater, to the extent that several of them were at the stage of a subsistence economy.

24. Environmental protection had become one of the major priorities of multilateral cooperation. The United Nations Conference on Environment and Development should make it possible to establish the main lines of activities to be undertaken in order to preserve the planet, in the context of international agreements setting forth the rights and obligations of everyone. Further, the Uruguay Round was of major importance for building up an international trading system free of obstacles and conditionality and making for optimum use of available resources. Egypt also hoped that the eighth United Nations Conference on Trade and Development would be an occasion for agreement on an international cooperation strategy in those two areas.

25. Effective international cooperation called for considerable financial resources in order to finance reconstruction in the Gulf region, revive development efforts in the developing countries, alleviate the debt of those

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[1] See *Official Records of the Economic and Social Council, 1989, Plenary Meetings*, vol. II (E/1989/SR.17-37), 26th meeting, para. 39.

countries, support countries whose economy was in transition, protect the environment, etc. However, as the Managing Director of IMF had explained (17th meeting), at the present time and for some years to come, the resources available would not suffice to satisfy demand. The reduction in military expenditures made possible by the ending of the East-West confrontation could well release very considerable amounts. However, for military expenditures to be reduced, international peace and security would have to be consolidated. What was therefore needed was to focus on settling regional conflicts and to guarantee the security of the small countries. However, the priorities and principles recognized in disarmament issues must also be respected. Disarmament must begin by nuclear weapons and weapons of mass destruction. Egypt would like the international community to give serious consideration to its proposal to make the Middle East a zone free from weapons of mass destruction.

26. Military expenditures were not the only anti-economic form of resource utilization. In 1990 alone, the OECD member countries had spent more than $300 billion on agricultural subsidies. It was obvious that an agreement on the liberalization of agricultural trade would release a considerable proportion of those resources. Egypt welcomed the proposal by the Secretary-General (16th meeting, para. 21) concerning the convening of an international conference to consider the question of the sources of development financing in the broad sense of the term and the international machinery which would allow the available financial resources to be allocated in the light of the priorities set by the international community. In the current international economic situation, the convening of such a conference was of the highest importance.

27. Mr. WALKER (Observer for Australia) said that the globalization of markets, the breakthroughs in technology and the increases in the international movement of capital, goods, people and information had dramatically changed the international economic scene and had enhanced an interdependence which was a factor for prosperity as well as for vulnerability. However, many developing countries had been unable to meet the new challenges and had fallen behind; their situation made their integration into the international economy more difficult than ever. The political and economic changes in Central and Eastern Europe made it necessary for the international community to assist in that process as well as to take advantage of long-term opportunities for trade and investment. It was important to ensure that that process took place parallel to, and not in competition with, the continuing efforts to promote the development process in the developing countries. The Special High-level Meeting, held on 4 and 5 July, had provided an opportunity for a valuable exchange of views which had enabled all delegations to understand better what was involved in the recent evolution of East-West relations and to improve international cooperation in meeting those new challenges.

28. The inclusion of special items on the agenda of the Economic and Social Council was a welcome initiative which formed an important part of the wider reform process currently under way in the United Nations system. The revitalization and accomplishments of the United Nations in the political sphere should not obscure the fact that, with the major exception of human rights, where considerable progress had been made, the economic and social activities of the Organization were continuing to stagnate. Australia therefore welcomed the recent progress achieved in the reform of those sectors of the Organization. The practical and wide-ranging package of reforms agreed by the General Assembly at its resumed forty-fifth session was a major step forward. One must hope that there would be further progress, particularly in relation to the subsidiary bodies of the Council and the United Nations Secretariat.

29. Australia's geographical situation gave it special and compelling reasons to be concerned about the question of international development and it had a direct and immediate interest in the process of development in the Asia-Pacific region. In Australia's view, both development assistance and trade played parallel and complementary roles in the process of economic development. There was little doubt that the expansion of international trade, based on equitable rules, would provide the most important contribution to the growth and development of the developing countries. Protectionism and the subsidies granted to uncompetitive domestic sectors—particularly agriculture—which were a feature of the international trading system distorted international trade patterns and penalized efficient producers in both developed and developing countries. Major trade liberalization and economic restructuring programmes had been implemented recently by many countries in Central and Eastern Europe, in the Asia-Pacific region and in Latin America, but the continuation of that trend depended on the successful outcome of the Uruguay Round that would make it possible to improve the international trading system in all spheres, including those of particular concern to the developing countries. The main priority of international economic cooperation must therefore be to secure its success.

30. Trade was a vital factor in achieving economic growth, but its effects on promoting equity, alleviating poverty and developing social services tended to be indirect and long-term. Development assistance could play a role in those sectors. When targeted effectively, it could be used to break down structural and macroeconomic barriers and to support the social sectors devoted to human resource development. Poverty alleviation could not be achieved without some form of equitable distribution of the benefits of economic growth. Development assistance could make an important contribution in that regard. A population that was more prosperous not only had a higher standard of living but also more consumers, savers and producers, in other words, agents of economic growth. Australia had therefore assigned high priority to combating poverty in its development aid programme.

31. Poverty alleviation was also the essential starting-point for the mitigation of many pressures on the envi-

ronment in developing country rural areas. Developing countries were more vulnerable than others from that viewpoint, and they were less well placed to adapt and had the strongest motivation to find ways by which their economic growth would not be blocked by environmental constraints. In their quest for durable and ecologically sustainable models of economic development, they were primarily interested in techniques and practices that would meet environmental concerns while at the same time be more efficient and advantageous. Consequently, environmental issues were also development issues, and the United Nations had an irreplaceable role to play in enabling the international community to address both.

32. Countries were responsible for their own development. A reduction in deficits and an improvement in credit-worthiness, the encouragement of entrepreneurship, the opening of economies to market forces, human resource development, a reduction in unproductive government expenditure, including military budgets, and protection of human rights were requisite conditions for improving the prospects of development in the 1990s.

33. Humanitarian assistance and disaster relief was another of the Organization's most important activities. Australia welcomed the relatively high profile given to that issue in the current session of the Council. The Australian delegation had already informed the Third Committee of the General Assembly of its views on the need to improve coordination in that important area.

34. Mr. TSEGAYE (Observer for Ethiopia) expressed regret that the *World Economic Survey, 1991* did not include a chapter on the least developed countries, to which the international community gave special attention in the Programme of Action for the Least Developed Countries for the 1990s.[2] The situation in those countries, most of which were in Africa, had reached an intolerable stage. The courageous development efforts of those countries were being frustrated by the combined effect of the weakness of their economies and an adverse world economic environment. Moreover, the least developed countries had recently been hard hit by natural disasters such as floods and droughts. The Substantial New Programme of Action for the 1980s for the Least Developed Countries[3] had yielded results much inferior to expectations because, as the Executive Secretary of ECA (19th meeting) had said, doing too little too late was frustrating to both sides: the African crisis continued to intensify and donors, seeing no substantial result for their efforts, became discouraged.

35. On the global scene, the positive developments in the political arena needed to be translated into the economic and social spheres: the changes should offer an opportunity for intensifying development cooperation for the benefit of all, including the developing countries and those countries in transition. However, one should beware of marginalizing yet again the poorest countries. From that standpoint, Ethiopia welcomed the policy recommendations presented in the *Survey*.

36. Mr. RASAPUTRAM (Observer for Sri Lanka) said that the current decade was characterized by a mixture of positive and negative forces affecting development prospects. The negative forces had to be driven away to ensure that the positive forces would surface to provide the incentive necessary for accelerated development. Speedy solutions had to be found for issues such as resource flows, debt burden, market accessibility, commodity prices and human resource development. Great strides had been taken in the development of human resources, but there had not been adequate support for the transfer of technology to back up the training programmes for developing countries.

37. While deploring the trend towards greater protectionism, he welcomed the progress achieved towards trade liberalization and integration of the world economy.

38. There was a fundamental need for a debt strategy and, although the efforts made to assist middle income countries had produced favourable results, the fact remained that poor countries would not be able to repay their debt except by sacrificing their future growth and that nothing was really being done to help them to extricate themselves from the debt morass. He was also concerned about the decline in net resource flows and reverse flows from the developing to the developed countries. Finally, Sri Lanka had enthusiastically supported the environmental programme in the hope that the developed countries would be encouraged to take a greater interest in advancing economic growth in the developing countries, although the objectives set by them for environmental quality would not yield the required results unless the affluent countries set an example by halting environmental degeneration themselves.

39. In the light of the rapid changes taking place in every sphere of activity, the developed countries should show initiative and the political will to lead the developing countries towards prosperity. The linkage between political, social and economic issues was such that if the new world order was to function effectively, it was imperative for the developing countries to participate in that process as equal partners.

40. He noted four encouraging factors in the current situation: first, the keenness shown by all countries to adopt policies dictated by the market, a factor which could provide cohesion and integration and facilitate the movement towards a global economy; secondly, the perseverance of the developing countries which, despite internal and external constraints, were endeavouring to adjust their economies in accordance with existing trends; thirdly, the fact that the concept of interdependence, both in the development of free market forces and collective security was now widely recognized, particularly since perestroika and the Gulf war; and fourthly, the recognition of the fact that poverty was the cause of instability

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[2] See 16th meeting, footnote 3.

[3] *Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981* (United Nations publication, Sales No. E.82.I.8), part one, sect. A.

among nations and threatened world peace and stability. Substantial measures had to be taken to alleviate and eradicate poverty. All were aware of those measures, but the will to apply them on a global scale was lacking, with the result that more and more people were dying of hunger or were subjected to deprivation and disease. Their number was soon expected to exceed one billion. How could the international community tolerate such a situation without reacting? He believed that, first, humanitarian considerations should prevail in order to provide the poor with basic necessities; secondly, the international community should give top priority to poverty alleviation programmes; thirdly, the international agencies should take the necessary action to settle the problem in order to prevent it becoming steadily worse; fourthly, the countries themselves must receive generous assistance on enlightened terms to enable them to manage their economies as effectively as possible; and fifthly, the countries in question must be assisted to move towards a market economy.

41. With regard to environmentally related activities, donors should inject additional finance to promote durable growth which would enable the developing countries to accord an important place to those activities in their development plans. However, the granting of such assistance should not be at the expense of poverty alleviation programmes. If the environment perspective was to be integrated with the new development paradigm, first of all poverty must be tackled and its root causes removed, since environmental issues and poverty alleviation could not be treated separately.

42. Trade more than aid provided the driving force. That could be seen in the case of the developed countries. The latter should not prevent the developing countries from gaining access to their markets, particularly in the midst of their reform programmes. It was estimated that, if trade barriers were lifted, the South could earn five times the amount of ODA provided by the North. It was therefore necessary to persevere in the efforts to achieve success in the Uruguay Round. The low level of their technology prevented the countries of the South from competing with the sophisticated products of the countries of the North and they would have to be given more time to assimilate new technology to enable them to become competitive.

43. There was a tendency for regional groupings to form in order to increase trade among themselves and to enhance their self-reliance. Although the existence of such groupings could lead to diversion of trade because of the barriers imposed against each other, it might strengthen the multilateral trading system provided that the principle of liberalized trade was well established.

44. Historically, the developed countries had shown a real interest in the South only when communism began to be a threat to the North. The emergence of China as a super-Power and the Korean war had increased their fears, but they had been allayed by perestroika and the Gulf war. The question then arose of whether the North would be willing to support with the same enthusiasm as before the development efforts of the South.

45. For all those reasons, the United Nations should take the initiative to convince the countries of the North that they should abandon policies that paralysed and crushed the developing countries.

46. Mr. TCHELNOKOV (Inter-Parliamentary Union) said that recent developments in the world economic and social situation had had a direct bearing on the functioning of national parliaments in all countries. It was therefore natural that many of the items on the agenda of the Council's current session should have a connection with IPU's activities.

47. Throughout its existence, IPU had systematically addressed the most crucial problems of contemporary life, with a view to finding solutions for them at parliamentary level. In so doing, it had worked in parallel with the United Nations, and its governing bodies had recently reaffirmed that IPU shared the objectives of the Organization, supported its efforts, and would continue to cooperate closely with it.

48. IPU was primarily a political organization, and its members were becoming increasingly aware of the fact that the limits of political activities were dictated by economic considerations. Since in most instances it was people and parliaments that shaped national economic policy, parliamentarians were increasingly feeling the need to participate at international level in discussions of complex economic subjects. It was for that reason that various aspects of international economic and social policy, including regional and sectoral development, appeared regularly on the agenda of Inter-Parliamentary Conferences. Thus, in 1990, at the Punta del Este Conference, the issue of strengthening cooperation between developed and developing countries and of exploring different models of regional cooperation had been the subject of an in-depth debate which had resulted in the unanimous adoption of a comprehensive resolution. That resolution had called on the international community to address the problems of developing countries, giving priority to the debt burden, the net outflow of capital to developed countries, the situation of the least developed countries, difficulties posed by transfer of technology, and environmental problems. It reaffirmed the objective that the contribution by the developed countries to ODA should be 0.7 per cent of their GNP, 0.15 per cent of which should be allocated to the least developed countries. One of the principal items on the agenda of the next Inter-Parliamentary Conference, to be held in Santiago, Chile in October, was entitled "Human development: economic growth and democracy".

49. The task of ensuring that economic growth was combined with the evolution of democratic institutions and with social progress was becoming an increasing challenge to Governments, parliaments and entire nations. Recent developments in Central and Eastern Europe, as well as in some countries of Latin America and Africa, were evidence of that fact. IPU was therefore

looking forward with interest to a substantial debate on the issue.

50. The IPU Conference on Economic Cooperation in the Asia-Pacific Region, which had been held from 28 January to 1 February 1991, at Jomtien, Thailand, with the support of ESCAP, was another example of an activity of direct interest to the Council. Representatives of the vast majority of national parliaments of the region had considered the Conference to be a success, first, because it had given real meaning to the idea of comprehensive cooperation in a region characterized by great diversity, and secondly, because it had reached conclusions and recommendations regarding areas in which cooperation could be strengthened or established, both at the regional and subregional level.

51. For a number of years, IPU had been endeavouring to implement the concept of a policy dialogue about the present and future state of North-South relations. To that end, a Support Committee to the North-South Dialogue had been set up by the Inter-Parliamentary Council at its session at Punta del Este held in October 1990. Participants in the first meeting of that Committee, which was to be held in September at IPU headquarters in Geneva, would be invited to discuss, *inter alia*, practical ways and means of convening a high-level intergovernmental meeting on the debt problem.

52. Consideration of environmental problems was another of IPU's priorities. An IPU Ad Hoc Committee on Environment had already begun to consider questions such as protection of the seas, desertification, deforestation, and the conservation of bio-diversity, with a view to discussing them in greater depth at its next meeting in Geneva. Preparations for the United Nations Conference on Environment and Development had given a new impetus to that work. Parliamentarians had agreed to work out a common approach for their participation in that Conference. In addition, as a follow-up to the Conference at parliamentary level, the Union would be convening a special inter-parliamentary conference on the same topic in Brasilia.

53. Noting that the United Nations was paying increasing attention to the issue of the effective mobilization of women in development, IPU was giving more and more emphasis to women's participation in political and parliamentary life. It was currently preparing a survey on the participation of women in political life and their representation in national parliaments. The survey had been compiled on the basis of replies to a questionnaire sent out to all of the world's parliaments. The previous survey, in 1990, had shown that the number of women with seats in European parliaments had markedly declined, probably as a result of changes in the electoral systems in Central and Eastern Europe.

54. IPU, for its part, had firmly resolved to make the voices of women parliamentarians better heard in its own ranks by amending its statutes to include a requirement that parliaments having women members should include one woman in their delegations to IPU meetings.

55. Mr. OECHSLIN (International Organization of Employers) said that his organization, which now had 107 affiliated federations in 105 countries, and which represented all regions of the world, including the countries of Central Europe, was especially concerned with the promotion of free enterprise and the development of employers' organizations, both essential elements of the market economy. While it specialized in social problems, it could not dissociate itself from the basic economic issues which governed social progress. It was for that reason that he intended to speak on a subject of topical interest: structural adjustment and privatization.

56. Structural adjustment was a worldwide phenomenon, the inevitable consequence of the rapid development of the world economy, technical progress, the liberalization of trade and investment, and the globalization of the economy. It was now accepted that only an open market economy would permit rapid and effective adjustment. Decentralization of decision-making, individual initiative and free competition were recognized as the only means by which a dynamic economy could be given momentum. The collapse of the centrally-planned economies of Central and Eastern Europe had given dramatic proof of that fact. Reference could also be made to a number of countries in Asia, Africa and America where it had been realized that restoration of the market was the only way to ensure development. Even in countries which had always had market-based economies, it was now increasingly admitted that economic progress, and hence social progress, was dependent on market expansion and on full compliance with the dictates of market logic. Market logic assumed a certain attitude of mind: the priority given to the responsibility of individuals within the context of a certain set of rules, respect for which could only be guaranteed by a strong State. The rules included protection for the workers, as well as measures to offset the painful consequences of adjustment and to encourage redeployment.

57. The role of the State should thus be enhanced rather than weakened. There was need for a determined and efficient State to ensure the transition from a controlled or planned economy to a decentralized market economy. The State would have to be strong in order to establish a regulatory system that could be effectively applied, impose penalties for cheating, set up institutions to regulate the interplay of supply and demand, and channel material, financial and human resources to meet the needs of the economy.

58. Privatization was an essential element in the transition to the market economy. Market logic assumed independence of economic factors. The predominance of the public sector led inevitably to confusion between the specific role of the State as legislator and arbitrator and its responsibilities as employer and entrepreneur. Thus, privatization went further than the mere transfer of property: in fact, rigorous and properly coordinated programmes were required to privatize the economy. He had noted with interest the bold steps taken in a number of very different countries—from countries of Latin America to Egypt and Pakistan—to transfer the State's

entrepreneurial activities from the public to the private sector, so that it could better fulfil its essential role in the economy. Some countries, such as Poland, Hungary and Czechoslovakia, had already shown their determination to take that course, using different methods, but with the same end in view. The process would be a long one, since it would involve the complete remodelling of each country's institutions.

59. However, privatization did not imply merely the transformation of State enterprises, large or small, into private companies. It was at least as important to have the means of encouraging the creation and development of small businesses that were the fruit of individual initiative. There should be no more protected situations; every firm should have the right to challenge its competitors, without having bureaucratic obstacles put in its way, on the strength of its competitiveness and of its capacity to meet demand, while accepting the risk of failure and eventual disappearance.

60. Such firms were now emerging, notably in Poland and in Hungary. The International Organization of Employers now had members in both of those countries, and the same was true of Czechoslovakia, Romania and Bulgaria. The development of manufacturing cooperatives and "land leaser" enterprises in the Soviet Union were further examples of that trend.

61. In all those countries, as in the developing countries, the resources of the informal sector should not be neglected. It should be recognized that the informal or non-structured sector was also the means whereby free enterprise and market forces could have their revenge on State bureaucracy and all the pointless red tape that went with it. It was by combating that bureaucracy that the informal sector, without which so many populations would lose the few remaining resources that enabled them to survive, could gradually integrate itself into the economy, gain access to training and credit facilities, and develop its potential as a generator of employment. All enterprises should have the same freedom as other elements in society to set up bodies representing their interests, which could engage in dialogue with the State and with worker or consumer organizations, and make their views known to the public. The International Organization of Employers believed that the development of such bodies was one of its most essential tasks. Thanks to the support of a number of public authorities, including ILO, it had launched various programmes for that purpose. The international community should recognize that such initiatives were a vital aspect of any development and adjustment programme.

62. Mr. POTAPOV (World Federation of Trade Unions) said that, in his organization's view, the whole world would in future be governed by the principle of interdependence: the widening gap between the developing and developed countries, the integration of the countries of Eastern Europe into the world economy, the peaceful solution of regional conflicts and the setting up of regional economic groupings were all problems which called for common solutions.

63. There was thus a need for structural adjustment designed to establish an international economic system capable of eliminating current disparities. On the world scale, the solving of problems should no longer be restricted to closed clubs of decision makers. The United Nations system, for its part, should change its methodology, and should measure not merely growth in output and per capita income, but also social indicators: the *World Economic Survey* should provide yearly statistics which would give the measure of increases in the rate of social progress.

64. In November 1990, the twelfth World Trade Union Congress had adopted union strategies for the 1990s. Among the measures proposed had been the following: promotion of economic and trade cooperation between countries on equal terms, and with respect for the principles of the new international economic order; creation of an international fund for development within the framework of the United Nations; cancellation of a large part of the debt burden of the developing countries; reform of the international monetary system, and in particular democratization of the structure of IMF and the World Bank; support for the adoption of a mandatory United Nations code of conduct governing the activities of transnational corporations; and the establishment by UNEP of environmental standards which would be enforceable under national law and which transnational corporations would be required to respect.

65. In view of the increase in unemployment and the spread of clandestine or informal types of work, the World Federation of Trade Unions also considered that in the 1990s the solution of problems of employment and of full utilization of labour skills should be given the very highest priority. In the field of international trade it believed that, in view of the disappointing results of the Uruguay Round, the protectionism practised by developed countries should be ended and a limit should be set to the extent to which such countries could resort to the use of non-tariff barriers.

66. Elsewhere, the Federation welcomed the adoption by the International Labour Conference at its seventy-eighth session of resolution IV, of 25 June 1991, concerning structural adjustment, industrial relations and economic and social development, since it was essential that structural adjustment policies should preserve the rights of workers as defined under ILO conventions.

67. It was an unfortunate fact of life that the debt burden of the poorest countries was still a serious obstacle to their development efforts. In 1990, debt servicing, according to World Bank estimates, had amounted to over $140 billion, as against $135 billion in 1989; since the repayments of the developing countries totalled over $27 billion more than the new loans granted them, the poor countries of the South had thus continued to finance the rich countries of the North in 1990. The time had come to coordinate the various efforts being made to reabsorb the debt crisis, whether on the part of the United Nations or financial institutions or through bilateral initiatives.

68. Since problems of economic development were indissolubly linked with environmental problems, a search for an acceptable balance between economic growth and environmental protection would be a timely theme for the United Nations Conference on Environment and Development.

69. The World Federation of Trade Unions had consistently argued for a reduction in military spending and for the conversion of arms industries to peaceful uses. Now that disarmament was beginning to become a reality, conversion issues were becoming of immediate importance and called for careful study, notably in regard to the adoption of measures for maintaining employment and the standard of living of workers and for the organization of retraining courses.

70. Mr. SENE (Observer for Senegal) said that after a number of profound upheavals, a new international order was coming into being. However, it was as yet too early to predict whether that new order would succeed in guaranteeing universal peace and security, solving regional conflicts, reducing not only poverty and illiteracy but also unemployment and underemployment and promoting sustainable and environmentally sound development.

71. According to the report of CDP (E/1991/32, para. 1), in addition to the recession affecting several major industrialized countries, short-term prospects for world economic growth were weakened by the likelihood of a continued decline in per capita output in many countries of Eastern Europe, as well as by the disruption caused by the crisis and war in the Gulf. There was no doubt that that crisis, together with the virtual failure of the Uruguay Round, had in 1991 added an element of uncertainty to a world economic outlook that was already far from rosy. Although some of the old structural rigidities in the industrialized countries had weakened, they continued to weigh heavily on interest rates, exchange rates and capital flows. In any event, transfers of resources to developing countries had been greatly reduced, even though the nominal value of ODA had remained more or less stable: injections of private capital had shrunk considerably. In addition, between 1980 and 1990 the developing countries had received only a tiny fraction of the return on world investments overall. In total, those countries, and particularly oil-importing countries, had shown in 1990 a marked increase in their balance-of-payments deficits. Commodity prices, too, had remained low.

72. In Africa, there had been a slow-down in overall economic activity in 1990. In addition to the effects of the drought on agricultural output, there had been: a sharp fall in commodity prices (7.9 per cent on average, as compared to a fall of 1 per cent in 1989); a deterioration in the terms of trade; inflation; the needs of the manufacturing industry for restructuring and for investment; an external debt totalling almost $272 billion; and a burden of debt servicing which in 1990 had absorbed 30 per cent of earnings from exports of goods and services, as against 27 per cent in 1989.

73. In other words, the economic revival of developing countries, particularly African countries, called for solutions to the debt problem which went further than the initiatives adopted hitherto. Relief measures were all the more necessary in view of the fact that many African countries, despite the attendant social and political costs, had persisted in carrying out structural adjustment programmes, programmes which—as had been pointed out by the representatives of ILO, UNICEF and UNDP at the Special High-level Meeting—should now be better planned in terms of their human dimension.

74. However, the economic restructuring of developing countries in general and of the Eastern European countries in particular was far from assured, in view of the discouraging world economic outlook and the shortage of financing. It was for that reason that the Secretary-General's proposal (16th meeting, para. 21) for the convening of an international conference on the financing of development deserved support. On the world scale, it was again in Africa that the situation gave most cause for concern: according to ACC (E/1991/42, para. 18), the number of the poor on that continent was expected to increase to 400 million by the end of the century, at a time when the poor were likely to be reduced by 400 million in the rest of the world. Clearly, the United Nations Programme of Action for African Economic Recovery and Development 1986-1990[4] had not kept its promises and had not responded to the pledges made by the international community. Despite those set-backs, Africa had begun to put together the components of its development programme for the 1990s. The International Conference on Popular Participation in the Recovery and Development Process in Africa, held at Arusha from 12 to 16 February 1990, had led to the adoption of the African Charter for Popular Participation in Development and Transformation,[5] and a number of meetings held in 1991 (the Kampala Forum, the Dakar Forum, the Niamey International Symposium, the Algiers International Symposium, the OAU Summit at Abuja, where the treaty had been signed establishing the African Economic Community) attested to the ambition and dynamism of all the African countries that had participated.

75. That being so, it was essential to improve the structure of multilateral cooperation, and, in that connection, he found some merit in the suggestion that the Council should be revitalized and turned into a kind of economic security council which would endeavour to deal with situations calling for immediate responses. Similarly, the "Earth Summit" to be held in 1992 in Brazil on environment and development would need to find answers to the major environmental questions on which any sustainable development would depend. Lastly, the international community would need to confer more power on the United Nations and provide it with more resources if

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[4] General Assembly resolution S-13/2, annex.

[5] A/45/427, annex, appendix II.

it was to shoulder the increasingly heavy responsibilities laid upon it in the humanitarian field.

76. Mr. KRAUS (International Chamber of Commerce) said that ICC had already had occasion to point out, in its statement to the Council at its second regular session of 1990,[6] that developing countries could, despite the fact that countries of Central and Eastern Europe would be competing with them for foreign investment, influence the pattern of investment flows in their favour. Potential investors, after assessing the size of the market, would wish to reassure themselves on a number of points, that : the political system in the country concerned was stable, and the Government respected the role of business; the bureaucracy was efficient and honest; monetary and fiscal policy was sound; the burden of taxation was moderate, both at the personal and at the corporate level; relative prices reflected market signals; the legislative framework for business was clear and stable, while at the same time flexible enough to adapt to modern commercial operations; private property was protected; the judicial system was impartial, and where the settlement of disputes was concerned, access to the courts was completely unrestricted. While fulfilment of those conditions did not guarantee that foreign investments would flow in, they would undoubtedly encourage them to do so.

77. However, the need for investment was only one aspect of a whole complex of problems of concern to businesses everywhere: the poverty existing in a large part of the developing world, the indebtedness of many poor countries, the transition of countries in Central and Eastern Europe to a market economy system, the need to make improvements to international trade, and the need to preserve an environment that was fit to live in. In full awareness of those problems, ICC had already submitted to the Heads of State and Government of the seven major industrialized countries attending the London Summit from 15 to 17 July 1991 the text of a statement of principle on the measures it would like to see taken. First, sound monetary and fiscal policies should be applied over the medium term which would encourage further reductions in real interest rates and a sustained, non-inflationary economic recovery; as a complementary measure, faster structural adjustment should be promoted. Secondly, there should be improved management of public sector resources, in order to encourage the much more intensive global investment needed to carry out the massive structural adjustment demanded by changes in the world economy; to that end, a general increase in savings should be encouraged. Thirdly, efforts should be made to bring the Uruguay Round to a conclusion as soon as possible, preferably before the end of 1991. Fourthly, countries should work closely with businesses to find the most cost-effective methods of achieving environmental goals. Lastly, the Soviet Union should be encouraged to take a more determined and radical approach to the introduction of the market economy system; in that connection, it should be recognized that official aid would be of no lasting value unless a wide range of political and institutional reforms were introduced to encourage private enterprise and investment.

The meeting rose at 6.05 p.m.

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[6] See *Official Records of the Economic and Social Council, 1990, Plenary Meetings*, vol. II (E/1990/SR.16-38), 21st meeting.

23rd meeting

Thursday, 11 July 1991, at 10.25 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.23

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. MAYORGA CORTES (Nicaragua) said that in international discussions of economic and social issues developed country representatives tended to take a cosy view of the world's economic prospects and to announce the advent of better times while developing country delegations sometimes failed to recognize progress when it was made and dwelt on negative trends because they affected them so deeply. Although those attitudes reflected individual or collective experience, the time had come to abandon them. If the dialogue taking place against the background of the changes in Central and Eastern Europe were to be productive, the broad consensus on some issues would have to be reflected in joint proposals and action. A new international era called for a new international approach characterized by cooperation and reconciliation among nations.

2. There was a consensus on the importance of the successful conclusion of the Uruguay Round of multilateral trade negotiations. It had been recognized at the outset

that progress in the negotiations, besides strengthening GATT, should promote cooperative and convergent action at the national and international levels to reinforce the interrelationship between trade and other economic policies affecting growth and development, providing a better basis for the international monetary system and capital flows to developing countries. With those objectives in mind, the international community should move towards complementary agreements on external indebtedness, development financing, the macroeconomic policies of developed countries, international economic adjustment and monetary cooperation. Without progress in those areas, the potential benefits of a successful conclusion of the Uruguay Round might not materialize.

3. In that context, food security and food aid as a means of dealing with short-term negative effects of the implementation of agreements under the Uruguay Round, should be placed high on the international agenda, in conformity with WFC recommendations. Nicaragua urged that the consensus in that area should be reflected in specific action. It attached particular importance to more effective cooperation between FAO, IFAD and WFP, and the provision of adequate financial support for the three bodies.

4. With regard to population questions, he underlined the need for policies and strategies to deal with the problems of refugees, displaced persons and demobilized personnel in Central America, as well as environmental degradation. His country was particularly interested in measures to correct the unplanned growth of urban areas and implementation of the Tlatelolco Platform proposals formulated at the Regional Preparatory Meeting for the United Nations Conference on Environment and Development, held in Mexico City from 4 to 7 March 1991. New financial resources and non-commercial transfers of environmentally rational technology were needed. In view of the linkages between environment, population policies and poverty, his delegation supported UNFPA's emphasis on the mobilization of resources and the call by the Amsterdam Declaration on a Better Life for Future Generations[1] for the doubling of funds for population programmes by the year 2000.

5. Adjustment should be universally applicable. The asymmetrical process whereby the developing countries committed themselves to structural adjustment programmes while measures to correct financial and structural imbalances in the developed countries were voluntary and subject only to moral persuasion by IMF should be reviewed with a view to practical conclusions. Adjustment strategies and major objectives should be concerted and implemented in a way to ensure international coordination. Without more effective coordination of adjustment at the international level, the burden would continue to fall mainly on the developing countries and progress made by individual countries or regions could easily be undone.

6. The changes in Central and Eastern Europe substantially modified the international community's assumptions concerning the adjustment process. They had altered the nature and time-frame of adjustment processes as well as the volume and availability of resources to support them. The subject should be considered in depth by CDP and the Council.

7. Multilateralism was not in crisis. Countries faced crises which eventually had an impact on multilateral institutions. The United Nations success in crisis management in recent years had strengthened the Organization and should provide a stimulus to increased effectiveness. The Organization's global multilateralism should rest on strengthened regional and subregional multilateralism. The regional and subregional development banks and moves towards integration should be reinforced.

8. With regard to social policies, he agreed with the Chilean representative (20th meeting) that if the social sectors and macrosocial balances were neglected, economic progress might be temporary and political stability endangered.

9. His Government was working to ensure economic stability and resumed growth. Hyperinflation had been the main generator of poverty. Equitable distribution of the economic and social costs of adjustment had been a major objective and the economic programme adopted in March had curbed inflation and held social costs within acceptable limits. An emergency social investment fund had been established the previous year and a national programme for social development and relief of poverty had recently been formulated. Measures to assist the unemployed and develop or strengthen institutions were a central feature of Nicaraguan social policy.

10. The international community seemed to be permanently in transition. New problems had arisen and old ones remained unresolved. Uncertainty persisted because conflict was a continuing element in international economic relations. In the 1970s the energy question had come to the fore, and in the 1980s external indebtedness and international trade did. The new challenges of the 1990s were already familiar: the changes in Europe, technological development, the environment, and the reactivation of the agricultural sector. Nicaragua was optimistic about its future and had faith in the United Nations system's capacity to solve the problems he had mentioned.

11. Mr. MENSSAH (International Fund for Agricultural Development) said that more people in the third world were at serious risk from food insecurity, disease and disaster than ever before. Drought, cyclones or floods could quickly transform vulnerability into famine and crisis.

12. The situation called for effective action by the international community. The United Nations system needed to strengthen its capacity to handle emergency relief and rehabilitation. The resilience of people in mar-

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[1] Adopted by the International Forum on Population in the Twenty-first Century, held at Amsterdam from 6 to 9 November 1989 (A/C.2/44/6, annex).

ginal areas should be enhanced so that they could recover from current setbacks and deal with future ones. Recurring natural disasters such as those in Bangladesh had a cumulative effect on poverty, progressively impoverishing the small marginal farmers in the areas at risk. In sub-Saharan Africa, the vicious circle between rural poverty and environmental degradation had acquired a continent-wide dimension.

13. Each situation required a well-thought-out and sustained response, backed by efforts to attack the root causes of the vulnerability of the rural poor.

14. "Revalorization" of the economic role of rural women was of particular importance. Poor rural women were involved in economic activities in virtually all countries and faced many constraints that reduced their productivity. Much of their day was taken up by tasks such as gathering fuel or carrying water. In its projects IFAD had given specific attention to developing innovative ways of reaching poor rural women. Even modest investments in training, access to credit, research and extension could bring about remarkable increases in their productivity. A recent IFAD-supported project in Tamil Nadu, India, in favour of very poor rural women, was expected to double many annual incomes. Such experience had led IFAD to support the Summit on the Economic Advancement of Rural Women to be held in February 1992, under the patronage of Queen Fabiola of Belgium. A number of first ladies had indicated their interest in participating. The organizers had requested IFAD to convene regional consultations in order to make an in-depth analysis of the technical issues, and meetings were being held in Asia, the Near East, Africa and Latin America. Poor rural women and other poor rural groups were often driven by economic and demographic forces into disaster prone marginal areas. The loss of lives and assets when disaster struck jeopardized future growth and increased the cost of meeting emergency and recovery needs.

15. The cyclone that hit Bangladesh in April 1991 had shown how devastating the consequences could be. In consultation with the Bangladesh authorities, IFAD was working to help the small and marginal farmers in the cyclone-affected areas to restore production and build up their survival capacities. Seeds and other inputs would be provided and support would be given for cottage industries, the replacement of lost livestock and small fishing boats and the construction of basic housing.

16. IFAD would also support a number of medium-term initiatives, including the promotion of village-level institutions to enable local communities to cope with unexpected events. It would also encourage grass-roots development initiatives. The intervention would reach some 60,000 households affected by the cyclone and could be extended if additional resources were generated through co-financing. The scheduled meeting of the Council on Bangladesh cyclone rehabilitation was timely. IFAD would welcome participation by prospective donor countries.

17. The situation in sub-Saharan Africa was perhaps the most difficult challenge on the development agenda for the 1990s. Economic setbacks and adverse natural factors had combined to produce a deepening crisis affecting millions of people. In response, in 1986 IFAD had launched a Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, and had mobilized an additional $300 million which had been used to support innovative projects in 20 sub-Saharan countries. The projects had been designed to alleviate poverty and reverse the processes of environmental degradation.

18. The Special Programme's resources were exhausted, but the Governing Council had decided to continue it in a second phase for a further three years. African countries had stressed that a further $300 million should be mobilized in order to consolidate the achievements of the first phase and extend the Programme to other parts of the continent. Several donor countries, including France, Belgium, the Netherlands and Kuwait, had already pledged substantial contributions. He hoped that the Council would appeal to other donor countries to support the second phase as they had done for the first.

19. The joint effort to control the screw-worm fly in North Africa was an encouraging example of multilateral cooperation. The fly's presence had been confirmed in the Libyan Araba Jamahiriya in 1989 and IFAD had designed a pilot eradication programme based on biological control methods and helped to mobilize funds. FAO had been requested to execute the pilot programme and had provided technical assistance. UNDP, AfDB and IAEA had also given technical and financial support.

20. A large-scale control programme, initiated by FAO and IFAD, had been drawn up to follow the pilot phase. IFAD would be responsible for resource mobilization and FAO for execution. International pledging conferences had been held at IFAD headquarters in 1990 and February 1991. A number of multilateral agencies, in particular the World Bank, Islamic Development Bank, OPEC Fund and AfDB, were supporting the programme. Bilateral donors had made important contributions and the Libyan Arab Jamahiriya had provided $27 million in cash and kind.

21. The pilot programme had succeeded in virtually eradicating the screw-worm from the target area. It had been possible to lower the cost of the large-scale programme from the original estimate of $117 million to $45 million. The project had demonstrated the potential for multilateral cooperation against a common enemy.

22. Mr. AZIS (Pakistan) said that 1990 had ended with a disappointing overall economic growth rate of only 2 per cent and the prospects for 1991 were bleaker. The slow-down had affected the growth prospects of developing countries and undermined their adjustment efforts, while the Gulf crisis had taken a heavy toll through higher import bills, repatriation expenses, remittance declines and loss of exports and contractual arrangements. Pakistan had had to bear an additional burden of nearly $700 million as a result.

23. The slow-down was taking place in the context of global economic issues that had persisted through the 1980s, including large current account imbalances in the major industrialized countries and balance-of-payments, debt and resource transfer problems in the developing countries. The expected fall in the aggregate current account deficit of the developing countries in 1990 was mainly due to the improved current account balances of oil exporting countries, and IMF had estimated that the deficit would increase again to $11 billion in 1991.

24. The balance-of-payments problems of developing countries were closely linked to resolution of their debt problems, net transfers of resources from developed countries and an open global trading system. Despite a decade of debate and dialogue, the external debt problem persisted. The Gulf crisis had further aggravated the problem and affected the debt-servicing capacity of several heavily indebted countries, including those that had recently made some progress. The problem was accentuated by the increasing transfer of resources from developing countries to their creditors. A solution was crucial to the success of the growth-oriented adjustment programmes being undertaken by many developing countries, including Pakistan. Progress in debt reduction had been modest and largely confined to severely indebted middle- and low-income countries. A debt strategy had yet to be evolved for the group of countries, to which Pakistan belonged, which were implementing structural adjustment programmes but had very high debt burdens. A new and more equitable strategy should be evolved for such countries.

25. The decline in aggregate net inflows and the increase in negative transfer of resources had aggravated the debt problem. Furthermore, the shortage of external financing had frustrated the efforts of indebted countries to restructure their economies. New bank financing had declined and reliance on official sources of finance had increased. The total volume of ODA had remained stagnant, however, and DAC forecast only a modest increase. The integration of Eastern Europe into the world market would generate substantial new demand for resources which might result in the diversion of flows needed by developing countries. It was true that the developing countries needed to mobilize domestic resources to a greater extent and to implement policies and measures to that end, but accelerated economic growth could not be achieved without external financing as well. The debt problem also required a new international debt-refinancing facility, administered by the World Bank and co-financed by IMF through expanded resources.

26. Rising protectionist pressures continued to threaten the developing countries' efforts to earn their way out of debt and to weaken incentives for policy reform. In the recent past, liberalization measures had been outweighed by the introduction of non-tariff restrictions which had eroded accepted trade norms and unfavourably affected trade-related investment. The failure of the Uruguay Round to reach an agreement in December 1990 had been a setback to international economic cooperation. A balanced outcome was needed that would be beneficial to all participants. In that context, the vital sectoral interests of the developing countries must be represented. It was important for the Arrangement Regarding International Trade in Textiles (Multifibre Arrangement)[2] to be phased out over a short period and replaced by normal GATT rules and disciplines.

27. Pakistan was working towards the earliest possible substitution of economic assistance by increased exports and private investment inflows. Although it produced almost 10 per cent of the world's cotton it had access to less than 2 per cent of global textile trade. Textiles were its largest current and potential export earner. Increased market access, commensurate with its comparative advantage in the sector, could provide the motor for economic self-reliance. A successful conclusion of the Uruguay Round, including the early phasing out of the Multifibre Arrangement, was of prime importance to Pakistan and would demonstrate the sincerity of the developed countries in working towards a more equitable and pragmatic world order.

28. There was no substitute for an open multilateral trading system based on the General Agreement on Tariffs and Trade. It had been estimated in a recent study that if the industrial countries eliminated their non-tariff barriers, their exports would rise by $250 billion. The worldwide elimination of such measures might increase world trade by $330 billion.

29. The alleviation of world poverty was one of the challenges of the 1990s. While the major responsibility for eradicating poverty rested with the developing countries, international cooperation was needed to support domestic efforts. The International Development Strategy for the Fourth United Nations Development Decade[3] provided an excellent basis for the revitalization of economic growth and the accelerated development of the developing countries and their peoples, as well as a climate of international peace. His delegation earnestly hoped that every effort would be made to achieve its objectives.

30. At the last IMF/World Bank annual meeting, emphasis had been laid on private sector development in developing countries and the need for a supportive external environment including the transfer of the required resources and appropriate technology to those countries. Appreciation had been expressed of the role played by the World Bank and IMF in helping interested countries to promote the deregulation of their economies.

31. The basic thrust of Pakistan's new economic policy could be summarized as privatization, deregulation, release of the potential of the private sector by encouraging greater savings and investment to accelerate economic growth, and maintaining macroeconomic stability. At the same time, renewed efforts were being made to develop human resources and physical infrastructure and to protect the environment. In December 1990, the Prime

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[2] See 17th meeting, footnote 4.

[3] General Assembly resolution 45/199, annex.

Minister of Pakistan had announced a package of incentives for rapid industrialization with specific incentives for rural areas. To promote investment and generate more savings, investment had been totally deregulated and no approval was currently needed for domestic or foreign investment. The public sector's monopoly in power generation, telecommunications, roads, airlines, shipping and port operations had been dismantled. An environment had been created in which foreign private investment could progressively replace foreign loans. Far-reaching exchange and payments reforms had also been introduced. Barriers to foreign exchange flows, in and outside the country, had been dismantled. Access of foreign enterprises to domestic credit had been enhanced and the trade regime had been liberalized. Import licences had been dispensed with and there was no restriction on bringing in or holding foreign currency.

32. The purpose of deregulating the industrial sector could not be fully achieved if industrialists had to obtain loans only from government financial institutions. Accordingly, nationalized commercial banks had been privatized and the financial sector opened up to private enterprise. Every effort had been made to make ownership broad-based and the privatization process just and transparent.

33. The prospects for world economic growth in general and of developing countries in particular could not be bright until the international community tackled the fundamental problems more effectively. The pace of change in Pakistan would be smoother and more rapid in a favourable international trading environment. The environmental problems of the developing countries should attract additional financial assistance as part of a new global compact for cooperation on that vital issue. Most important of all, to help developing countries to stand on their own feet, protectionist policies must be reversed in favour of free trade.

34. Mr. AKSIN (Turkey) said that last year's political and economic transformations had created new prospects for strengthening multilateral cooperation. It was time to support a new form of international cooperation that reflected current economic realities: economic interdependence, ecological interdependence, increasing reliance on the market economy, the wide diversity of existing economic structures and problems and the need to establish relations based on mutual advantage.

35. The convergence of economic policies was unprecedented. The issues, however, remained basically the same. The developing countries still suffered from poverty, excessive foreign debt, unfavourable terms of trade and serious environmental problems. While the developing countries themselves were responsible for setting the right policies, a favourable international climate was essential for pursuing them effectively. That was where multilateral cooperation came into play. The current fragmented approach whereby issues were dealt with in isolation needed to be better focused, strengthened and integrated.

36. There would be new financial requirements both from the countries of Eastern Europe and from the developing countries. Although there would be more emphasis on allowing market forces to operate and agreement that competition should be the rule, care would have to be exercised to avoid any disequilibrium detrimental to the developing countries. The debt issue was currently being more vigorously addressed, giving rise to more hope for the future. The case-by-case approach should be extended to all the debtor nations, with special emphasis on the least developed countries.

37. The world trading system was evolving in line with the new changes. As the former centrally planned economies and many developing countries became more closely integrated into world markets, new regional trade systems were emerging. An open multilateral and non-discriminatory trading framework would be essential to allow international trade to continue to grow throughout the world.

38. Thus, the old issues needed to be addressed in the light of the new developments. However, additional problems had come into being. Environmental concerns had reached a level that demanded the strengthening of existing multilateral structures or the creation of new ones. The Gulf crisis had brought energy issues to the forefront once again. Those concerns must be addressed globally in order to obtain a more rational and balanced pattern of energy development and consumption.

39. In that situation, the role of the United Nations was bound to grow and the exercise to revitalize the Council had been an important step in that direction. That revitalization, already addressed from an organizational point of view, should be an ongoing process. Many good ideas had been put forward to make the United Nations system respond more effectively and thus be more relevant to global needs. Human development was the ultimate goal to which all efforts should be directed. To be effective, international cooperation should reflect the common political will of the entire international community. At a juncture when deep and rapid changes were occurring everywhere, it was essential for that will to be mobilized. While the difficulties that might be encountered in working towards a more functional and diversified international cooperation should not be underestimated, they could be overcome by joint determination.

40. Mr. LOOS (World Bank) said that the fundamental issues in regard to development were: what action must be taken to provide a more favourable environment for growth in both the developed and developing countries, and what must be done to stem the surge of poverty—the ultimate challenge to development policy and the highest priority for the world development community.

41. Much depended on the quality of growth. Development was about people, not numbers or statistics. Some positive events which could make the 1990s better for growth than the 1980s were the relaxation of East-West tensions, the decisions of the countries of Eastern Europe in favour of a market-economy system, the unification of Germany, the success of sound economic policies in

some developing countries, some progress in the area of debt, and efforts to make the international economic environment more positive and multilateral action more effective. However, global poverty was endemic and as the 1990s unfolded, success in reducing poverty should be the primary measure of global economic progress.

42. Massive poverty, whereby a billion people were prevented from having even minimally acceptable standards of living, was a disgrace to civilization not only from an ethical and humanitarian standpoint but also from an economic perspective. Poverty constituted a terrible waste of precious development resources. Furthermore, poverty in the poorest countries was not simply a tragedy for those trapped in it, but also a threat to the well-being and stability of people in industrialized societies in the developed world.

43. While all nations were linked in a global economic web, there were enormous disparities between them. In half the world—the low-income developing countries—one person in five was too poor to be sure of getting enough to eat each day. Even more worrying than the global aggregates was the fact that poverty was concentrated in certain regions. Although living standards in Latin America had fallen below those of the 1970s, poverty was most severe in south Asia and sub-Saharan Africa, where about 50 per cent of the population was poor and where there had been a collapse of living standards. Other measures of well-being confirmed the terrible deprivation of those regions. Given Africa's rapidly rising population, the number of poor would continue to increase even if economic growth accelerated. It was there that the reduction of poverty faced the greatest challenge.

44. The challenge was economic, political and social. Economic growth was the cornerstone of successful development and poverty reduction. In many countries, a precondition for restoring growth was structural adjustment. Growth by itself, however, would not eliminate poverty and more must be done to protect the poor during the adjustment process.

45. An analysis of the past 25 years showed that reducing poverty was possible. Some developing countries, supported by international assistance, had made significant advances. Between 1965 and 1985, developing country annual consumption per capita had risen from $590 to $985 in real terms, life expectancy had risen from 51 to 62 years and the net enrolment rate in primary education had increased from 73 to 84 per cent. Despite those impressive advances, poverty had proved a stubborn foe. Although three of the world's most populous nations—India, China and Indonesia—had made significant strides towards reducing poverty, more than 1 billion people, half of them in south Asia, continued to live on less than a dollar a day. Over the next 10 years, the population of the developing world was likely to increase by at least 850 million, many of whom would be born in absolute poverty.

46. The World Bank's *World Development Report 1990* set out a clear strategy for dealing with the problem of poverty on the basis that the most abundant asset of the poor was their labour. It had become generally accepted that the development of a country's human resources was essential to prosperity and growth and the effective use of its physical capital. The social consequences of such development and its effects on family behaviour were as important as the economic impact. Thus, the strategy was to generate better income-earning opportunities for labour and to increase the capacity of the poor to respond, among other things through improved family planning and health and nutritional services.

47. Where both parts of the strategy had been implemented, the poor had been able to participate in the benefits of economic growth and to contribute to it. Thus, stimulating growth and helping the poor were mutually reinforcing objectives. For the vulnerable groups, however, additional measures were required. Carefully targeted transfers of income and social safety nets were needed to supplement the basic strategy and assist the most vulnerable.

48. The World Bank's operational activities reflected the importance it attached to providing people with the opportunity to improve their lives. Poverty reduction was an integrating theme for the many facets and elements of its work. Better education, particularly of women, health and nutrition directly addressed the basic causes and most critical consequences of poverty. The Bank considered that all country assistance strategies should reflect, and be consistent with, a systematic assessment at the country level of the key factors that determined poverty and were thus likely to lead to its reduction.

49. Family planning was important, since rapid population growth was a basic developmental problem. Population size and growth affected both the progress of development and the sharing of its benefits. UNFPA's *State of World Population 1991* made it clear that the 1990s represented the last opportunity to prevent another doubling of the global population. If action was not taken in the 1990s, the population of the world was projected almost to triple before it stabilized. Accordingly, the Bank was increasing its lending for the social sectors of basic health care, family planning, nutrition and primary education. Its special focus on women in development sought to expand their economic opportunities and ease the problem of securing food, water and health services for their families. It was encouraging participation and involvement in those efforts by communities, non-governmental organizations and the private sector.

50. Any strategy for reducing poverty would be sustainable only if it respected the natural environment. Increasing human demands were damaging the natural resource base upon which all development ultimately depended. A healthy economy could not survive in an unhealthy environment. In that connection, the World Bank was working closely with other agencies of the United Nations system to strengthen the environment/development link. Also of special significance was

its collaboration with UNEP and UNDP in implementing the Global Environment Facility. The Facility would provide grants and concessional loans to finance projects which would address the growing environmental problems that threatened the world's ecological balance. The Bank would encourage ecologically sound patterns of energy use, agricultural development, industrialization and human settlement. Development that was not sustainable was illusory.

51. Issues of trade, debt and resource flows to developing countries continued to be pressing. Multilateralism must be reinforced and a swift and satisfactory conclusion to the Uruguay Round was also essential. Developing countries would benefit from unrestricted access to industrialized country markets to the extent of some $55 billion a year in additional export earnings, as much as they currently received in aid.

52. The *World Development Report 1990* indicated that implementing the strategy could reduce the number of poor in the developing countries by about one third by the end of the century, despite rapidly rising populations, particularly in sub-Saharan Africa. At the same time, however, in Africa and elsewhere, Governments must also commit themselves to poverty reduction and scarce financial, human and natural resources must be used more effectively. There must be better governance, sound policy frameworks, greater financial discipline, a focus on capacity building and the development of a sustained approach to long-term development.

53. The other vitally important factor was the external economic environment, which was largely determined by the industrialized countries and affected primarily by trade, the debt problem and private direct investment. The donor countries too must be more disciplined and selective in their approach. Increased flows of ODA were essential if developing countries were to succeed in implementing poverty reduction strategies. They must ensure that assistance was not squandered on military spending, luxury consumption and capital flight. If the members of NATO cut their military spending by 10 per cent, they could double their development assistance. Since the developing countries overall spent more than $150 billion a year on military outlays, more in most cases than on health and education combined, a reduction could contribute significantly to the resources available for addressing the poverty problem.

54. According to the *World Development Report 1991*, a central issue in development was the interaction between Governments and markets. The approach that had worked most effectively and seemed to offer most promise suggested that Governments needed to do less in those areas where markets worked or could be made to work reasonably well. Governments should let domestic and international competition flourish. Private initiative and competitive markets played a critical role in fostering dynamic and flexible economies. On the other hand, Governments needed to do more in those areas where markets alone could not be relied upon: education, health, nutrition, family planning, social, administrative and legal infrastructure, mobilizing resources to finance public expenditure, and, most important, providing a stable macroeconomic environment. The challenge to policy makers was to exploit the complementarities between the State and the market. In several respects, government intervention was essential for development. Economic strategies which stimulated government support without supplanting competitive markets offered the best hope for meeting the challenge of development.

55. Success in reducing poverty demanded collective action. Lifting the burden of poverty from hundreds of millions of people would mean new freedom for them to determine their own destinies, and to participate in growth and improvement.

56. Mr. AHMED (Bahrain) said that the *World Economic Survey, 1991* (E/1991/75) contained a number of helpful ideas. He noted that some delegations had linked the negative repercussions of the Gulf crisis to the flow of aid funds from the Western developed countries to the countries of Central and Eastern Europe. He felt that that was going too far. The decision to assist those countries had been taken in the light of the political and social changes already in progress to establish democracy and a market system. His delegation did not believe, however, that the financial resources available for development assistance should be channelled solely into revitalizing the economies of Eastern Europe. Rather, agreement should be reached on coordinating ways of providing assistance and distributing aid funds in a fair and just manner through direct discussions between North and South.

57. At the same time, the detrimental impact of the Gulf crisis on the economic growth of the developing countries and of the world at large could not be disregarded. On that basis, the international community had already held the aggressor fully responsible for compensating the countries that had suffered damage. Prior to the war, Bahrain and the other Gulf States had been enjoying economic recovery. Progress in industry and in services such as banking, commerce and tourism, together with oil production, had led to a 3.3 per cent GDP growth rate. Development plans in the region had been successfully adjusted to fluctuations in oil prices. The start of the Gulf crisis, however, had seen a marked deterioration, causing GDP to drop by 0.5 per cent. That decline was still continuing, with the departure of 2.6 million workers and a massive destruction of infrastructure adding to the region's difficulties.

58. The States of the region had borne the greater part of the cost of the Gulf war, which greatly exceeded their oil revenues. Even worse, however, was the cost in human and social suffering, and the environmental disaster was unprecedented: 500 oil wells had been set on fire, and the oil slick in the Gulf was affecting not only marine life but also threatening the health of the people of the area. Another repercussion of the war was the deterioration in earnings from services, such as transport, tourism, and banking, and there had been a considerable flight of capital. There was, therefore, a clear need for greater international and regional cooperation and assis-

tance to overcome those difficulties, particularly with regard to the environment. ESCWA estimated the funds needed by the region at $25 million, and IMF had allocated $100 billion for reconstruction of the region and a contribution to the costs of the reunification of Germany and the revitalization of the economies of Central and Eastern Europe. Those were meagre sums compared with the magnitude of the problems facing the region of the Middle East. The Gulf States had set up a fund in Dohar for the reconstruction of Kuwait, and, with the assistance of friendly countries from the coalition, some progress had been made.

59. Peace in the Middle East was an international imperative and closely related to world development as a whole. The international community must, therefore, find a solution to the Palestinian question, and enable the Palestinian people to exercise their inalienable right to self-determination and the establishment of an independent State. That was the only way to establish peace and security in the Middle East.

60. The Gulf crisis had also caused ESCWA great difficulties, and regional cooperation had become virtually non-existent. It was essential that the Commission should be enabled to resume its provision of advisory and technical services and studies. He hoped that assistance for the Commission would be forthcoming from the multilateral institutions.

61. The world economy was still in dire need of reform, as was evidenced by the zero-growth prediction in the *Survey*. Solutions must be found to the economic problems of the developing countries—such as indebtedness, monetary instability, poverty and famine—through reforms in the international monetary system and the pursuit of firm and equitable economic policies by the major industrialized countries. The international community would also have to support and strengthen the multilateral international institutions and establish mechanisms capable of ensuring the efficient provision of aid, and protectionism and preferential trading relations must be eliminated.

62. The discussion at the Special High-level Meeting, held on 4 and 5 July, had convinced his delegation that the revitalization of the Council could be achieved through direct dialogue and an exchange of views. He hoped that that practice would be followed in the future.

63. Mr. STIGLICH (Peru) said that, although growing interdependence and a trend to globalization of the world economy had replaced the East-West confrontation of the past, great inequalities persisted between the industrialized countries and the developing world. If progress towards peace were to be consolidated, the problem of development had to be addressed as a matter of priority. While the primary responsibility rested with the developing countries, their national policies had to be sustained by a favourable international environment. The countries with decisive influence on the world economy must, therefore, take steps to correct existing imbalances, and liberalize market access for developing country exports. In that context a balanced outcome to the Uruguay Round was essential. For Peru it was essential that the balance struck should ensure the market access it sought, particularly for textiles, tropical products and natural resources, and that the agriculture package should include provisions offsetting the short-term negative effects that liberalization might have on countries, like Peru, which were net importers of food products.

64. The net transfer of resources from the developing countries must be reversed as a matter of urgency. One permanent solution to the problem would be the progressive, substantive and non-discriminatory application of debt-reduction schemes covering commercial as well as official and multilateral debt.

65. The protection of the environment clearly called for concerted action, but it had to be borne in mind that the major responsibility for environmental deterioration did not fall on the developing countries. The latter needed the help of the international community in the form of a transfer of environment-friendly technology and the provision of new and additional resources specifically for environmental protection.

66. His Government's efforts to restructure its economy were involving severe sacrifices. Peru needed the firm support of the international community and hoped that current initiatives would bear fruit in the near future. Such support was essential to sustain an adjustment programme that would ensure the modernization of the productive mechanism and lasting economic growth, while at the same time making it possible to carry out an emergency social programme on behalf of the most vulnerable groups.

67. General Assembly resolution 45/264 of 13 May 1991 had undoubtedly strengthened the revitalization of the Council and highlighted the necessity for the international institutions to reflect a new perception of international economic problems. Discussion at the highest possible political level of economic and social issues of particular significance to the international community should be initiated as a matter of urgency. His delegation reaffirmed its support for the restructuring of the economic and social activities of the United Nations and would participate actively in discussions of the matter in the Council and the Assembly.

68. Mr. PÉREZ NOVOA (Observer for Cuba) commended the *World Economic Survey, 1991* and fully agreed with the tenor of the questions posed on page 2.

69. At the conclusion of the first year of the new decade, the situation continued to be discouraging. The external debt burden continued to be a severe impediment to development. As long ago as 1979, his delegation had pointed out that external debt was by its nature unpayable and unrecoverable and had drawn attention to the disastrous consequences it held in store for the developing countries. At that time, some had been inclined to underestimate the realities and others preferred to ignore them, but, as usual, grim reality had made its effects felt. There had been no lack of attempts to alleviate the problem. According to ECLAC figures no less than 83 plans had been put forward since 1983 but the burden con-

tinued to mount. In Latin America, nominal external debt had increased to $423 billion, and payment arrears in 1990 alone had amounted to $11 billion. If there was to be any improvement in the international economy, the international community would clearly be obliged to implement bolder debt alleviation strategies. The possibilities had been demonstrated by the recent decisions of some rich countries to cancel or substantially reduce external debt in a selective way, albeit for political rather than economic reasons.

70. Debt relief must be accompanied by measures to solve persisting problems in various spheres of international economic relations. It was ironical that the countries that so loudly proclaimed the principles of free trade were shrinking from its full application and eroding the multilateral trading system. They were imposing upon the countries of the South tariff barriers, non-tariff restrictions, quotas, licensing formalities, and voluntary export limits. They were also making wider use of anti-dumping and compensatory duties, sanitary and phytosanitary regulations, and subsidizing non-competitive products, thus causing a constant fall in the prices of commodities, the main exports of developing countries.

71. Agricultural subsidies and the restrictions in the Multifibre Agreement were examples of that policy. The OECD member countries were subsidizing agricultural production to the tune of $250 billion a year, which represented almost 50 per cent of their farmers' income. A recent calculation had indicated that, if OECD were to cut protection for the agricultural sector by 50 per cent, the export earnings of the developing countries would grow from 2 to 40 per cent. If the restrictions in the Multifibre Agreement were eliminated, the developing countries' textile exports would increase by some 80 per cent, and clothing exports by 90 to 135 per cent.

72. For the ECLAC region the Uruguay Round offered an opportunity to shape a new multilateral system of international economic relations based on a new consensus on international economic cooperation for development. All the indications were, however, that any results achieved would have little to do with the liberalization of trade and the improvement of market access but would legitimize a system of "managed trade" without rules and characterized by extreme vagueness regarding anti-dumping measures and other matters of that kind.

73. Frequent reference was made to the high social cost of structural adjustments imposed upon the countries of the South, but the real danger they represented for regional and world stability had gone largely unrecognized. It must not be forgotten that history was written by the peoples, and that there was a limit to the suffering they could bear. Another point he wished to emphasize was that the United Nations system should give priority attention to the institutional aspects of international cooperation discussed in the report on the Secretary-General on strengthening multilateral cooperation in international economic affairs (E/1991/72). He spoke with the moral conviction of a people that for more than 30 years had resisted unjust and discriminatory measures in trading relations and international cooperation, including the breach of General Agreement on Tariffs and Trade by one of the major signatories, the imposition by it of a permanent economic blockade, and the exclusion of Cuba from IMF and the World Bank. The Cuban people had overthrown a cruel tyranny supported by its powerful northern neighbour and in so doing had brought down upon itself not only unjust and harsh economic retribution but even military aggression. The support for its legitimate aspirations from the world socialist system, including commercial and cooperative relations based on equity and mutual benefit, had been lost with the dismantling of the socialist system, which had exposed Cuba to an intensification of the economic blockade and deprived it of the cooperation and trading relationship with the socialist countries. His Government had reacted by taking a series of important measures to increase internal savings and economic self-sufficiency and to rectify national procedures, being convinced that its main strength lay in the people itself and in the industrial, scientific, intellectual and cultural capacities that it had built up over more than 30 years. To second those internal efforts, however, Cuba would also need a just international economic environment free of politically motivated discrimination.

74. Mr. OSMANY (Observer for Bangladesh) commended the *World Economic Survey, 1991*, which gave prominence to some of the unacceptable aspects of the world economy although he would also have preferred to see a separate chapter devoted to the least developed countries. The *Survey* rightly emphasized the urgent need to improve the quality of life, to narrow interregional economic differences, and to protect the environment. None of those objectives could, however, be achieved as long as the developing countries remained net exporters of critical economic resources. Unless those flows could be reversed, efforts to solve the debt servicing problem would remain meaningless.

75. The trend towards regionalism and bilateralism in international trade negotiations continued to grow and was undermining initiatives to achieve an equitable and balanced global trading system. The hopes that the developing countries had placed on the Uruguay Round were being shaken by delays in the negotiating process.

76. His delegation looked forward to participating in the eighth session of the United Nations Conference on Trade and Development and hoped that it would awaken the international community to a sense of its collective responsibilities.

77. The need to revitalize the United Nations system as the central forum for the discussion, implementation and monitoring of global social and economic progress, could not be overemphasized, and he particularly welcomed the report by the Secretary-General on strengthening multilateral cooperation in international and economic affairs (E/1991/72).

78. Bangladesh was one of the countries that had suffered most severely from recurring natural disasters, and he strongly supported the Secretary-General's proposal

in his note pursuant to General Assembly resolution 45/211 (E/1991/79) to strengthen the role of UNDRO and enhance the United Nations system's capacity to respond to emergency situations.

79. With regard to criteria for identifying the least developed countries, referred to by CDP in its report (E/1991/32, chap. V), his delegation voiced the opinion of many least developed countries in regretting that CDP should seemingly have attached such importance to mere numbers: due weight must also be given to factors such as the extent of suffering due to poverty and other calamities. Lack of a fair opportunity to consider issues, including a completely new concept for identifying the least developed countries, and the notion of automatic inclusion and exclusion, could defeat the purpose of the United Nations Conference on the Least Developed Countries. The comparative merits of the indexes proposed in the report of CDP, and of other new indexes being developed by other relevant United Nations organs, should be examined more closely. Even more important, time should be allowed for consultations to examine the implications of CDP's recommendations. The group of least developed countries felt that chapter V of CDP's report should be considered further by the Council and not placed before the General Assembly until all delegations, particularly those of the least developed countries, had had time to consider it. In the meantime, CDP might be requested to examine the implications of the recommendations for the Programme of Action for the Least Developed Countries for the 1990s.[4]

80. His delegation expressed its gratitude to all involved in preparations for the special meeting to be held on 16 July, under the auspices of the Secretariat and UNDRO, to consider the situation in Bangladesh resulting from the cyclone and tidal wave.

81. Mr. OKEYO (Kenya) said that the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries[5] and the new International Development Strategy addressed the issues and challenges faced by the developing countries' economies and provided a basis for increased international cooperation. The task required the commitment of all nations, including the developing countries, but a stable, favourable international economic climate was essential also. The end of the cold war, the resultant new climate of cooperation among the two super-Powers and the momentous political changes in Central and Eastern Europe would have a major impact on international relations. The effect of the economic and social reforms triggered by the political changes would be felt by the whole world, and the developing countries in particular.

82. Deliberations during the Special High-level Meeting had revealed the huge amount of technical and financial assistance the Central and Eastern European countries and the Soviet Union would need in order to transform their domestic economies and integrate into the world economy, and how it was in the world community's interests to support them. It was hoped, however, that any resources provided for those purposes would be additional, since any diversion of the current limited resources would deny the developing countries their already declining share in international savings and make their own structural adjustment tasks even harder. As could be seen from the *World Economic Survey, 1991* and the CDP report, the developing countries' economic performance in 1990 had been poor and the prospects for many might be no better in the 1990s than in the 1980s. In Latin America, per capita output had declined, and in Africa it had grown by only about 3 per cent—the same rate as the population growth. Even in South and East Asia the rate had slackened. The developing countries' adjustment efforts during the past decade had been at high social and political cost and required substantial long-term external financing. The success of the developing countries' reforms was as important to the world community as to them, if not more so.

83. The *Survey* and the CDP report showed that the world economy remained beset, in many aspects, by serious imbalances which created major obstacles to the developing countries' efforts. Decisive action was needed by the world community, in particular by the industrialized countries, to strengthen multilateral cooperation to ensure a stable, long-term improvement in the world economy which would provide opportunities for all countries, large and small.

84. The dire economic and financial straits of many developing countries at the dawn of the 1990s had been worsened by the distortions and imbalances created by the industrialized countries' domestic and macroeconomic policies in complete disregard of the negative impact on the developing countries' efforts. Greater pluralism was needed in decision-taking on matters affecting the world economy. The Secretary-General's proposal (16th meeting, para. 21) that consideration should be given to convening an international conference on the financing of development was of interest in that connection.

85. As the *Survey* indicated, international trade had continued to grow during 1990 at a higher rate than the overall growth in world output, but its multilateral aspect had deteriorated further as a result of protectionism and discrimination by the developed countries. Worse still, the Uruguay Round had been stalled. Serious efforts must be made to bring the negotiations to a successful conclusion.

86. Much remained to be done in preparing for the United Nations Conference on Environment and Development. Success could be achieved only through international cooperation, particularly in ensuring that the developing countries received the requisite resources and technology to play their part.

87. The PRESIDENT said that the general discussion was concluded. The Council had heard statements by

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[4] See 16th meeting, footnote 3.

[5] General Assembly resolution S-18/3, annex.

47 delegations as well as representatives of seven specialized agencies, five non-governmental organizations and nine bodies of the United Nations system, including the opening statements by the Secretary-General (16th meeting) and the Under-Secretary-General for International Economic and Social Affairs (17th meeting).

88. The stimulating and forthright quality of the discussion boded well for a constructive follow-up of the Council's tasks. In reviewing aspects of multilateral cooperation, all speakers had supported the strengthening of multilateral cooperation, which implied a joint effort by States and agencies in a multidisciplinary approach to development problems, including ever more non-traditional actors such as non-governmental organizations. The importance of the Council's role had been widely stressed. Many references had been made to the *World Economic Survey, 1991*, some delegations having expressed regret that it had not been circulated early enough to be studied to the best advantage. Reference had also been made to the Secretary-General's report on strengthening multilateral cooperation in international economic affairs (E/1991/72).

89. Delegations had unanimously acknowledged that national efforts, important as they were, could not suffice alone in an increasingly interdependent world, as had been shown by the experience of the 1980s. A number of delegations had pointed to the improvement in East-West relations resulting from the end of ideological confrontation, and the prospects it offered for increasing multilateral cooperation and enhancing the role of the United Nations in maintaining world peace and security. The Organization, it was felt, should be provided with the means to play its part as the backbone of multilateral economic cooperation, bearing in mind the human, financial and technical resources that should become available as international tension lessened.

90. The Special High-level Meeting, held on 4 and 5 July, and the General Assembly's adoption on 13 May 1991 of resolution 45/264, had been seen as landmarks in the revitalization of the United Nations, a process which should render the Organization more responsive to the changing needs of its Member States, particularly the developing countries, in the economic, social and related fields. Several delegations had referred to the extent of recent humanitarian emergency relief requirements, and to the need for the Organization to be in a position to respond appropriately and commensurately to such situations at any time.

91. A number of delegations had advocated the strengthening of efforts to restructure and revitalize the United Nations in those spheres, a number having advocated a thorough study of the Nordic project in that regard.

92. Delegations had pointed to the importance of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Strategy for the Fourth United Nations Development Decade as well as the Programme of Action for the Least Developed Countries for the 1990s. A number of delegations of least developed countries had referred to the work of CDP at its twenty-seventh session, and some had expressed disquiet about the criteria for identifying least developed countries (E/1991/32, chap. V). Some delegations had urged the adoption of specific measures and initiatives to give effect to undertakings contracted at recent international forums, which had revealed a convergence of views on an approach to development based, *inter alia*, on market signals, rational use of human, financial and technical resources, decentralized decision-taking, improved management, the fostering of initiative in private and public spheres, and the adoption of sound macroeconomic policies—while recognizing that such an approach could be fruitful only in a climate of freedom, democracy, respect for human rights and the broadest possible participation in major decision-taking. In that regard, delegations had welcomed the recommendations in the report of the South Commission (A/45/810 and Corr.1) and one delegation, speaking on behalf of a regional group, had invited the countries of the North to undertake a similar self-analysis. In the view of some delegations, structural adjustment concerned developing and developed countries alike, and democratization at the national level should be backed by the democratization of international relations. Certain delegations had said that national economic revitalization efforts would fail unless the international economic climate improved; some had expressed grave concern about economic recession in some industrialized countries and the stagnation of world economic growth during the current year, and about the effects of the Gulf conflict. A number of delegations had welcomed the announcement of talks between petroleum producer and consumer countries. The effects of the Gulf conflict on international capital markets and interest rates, with consequent worsening of the already intolerable situation in many developing countries, had also been mentioned. There had been a consensus about the need, at national level, for rational use of all resources and, at international level, for a favourable economic climate, including due regard in the industrialized world's macroeconomic policies, for the developing countries' interests.

93. The developing countries' external debt had been widely recognized as a major obstacle to the recovery of their economic growth, the net negative transfer of resources from those countries during the past year having been put at $32 billion—a matter which required the world community's urgent attention. In that regard, some delegations had supported the Secretary-General's proposal (16th meeting, para. 21) that the convening of an international conference on the financing of development should be considered. Some delegations had pointed out that the developing countries' economic losses due to protectionism totalled twice the amount of ODA. They had urged a speedy and equitable conclusion to the Uruguay Round. Several delegations had pointed to the need for improved terms of trade, a halt to the fall in commodity prices, and further measures by the world

community to support the developing countries' efforts to diversify their economies.

94. Most speakers had stressed the need to strengthen multilateral cooperation in order to combat poverty and drug abuse. Delegations had welcomed the universal recognition of the link between development and the environment. It was felt that the United Nations Conference on Environment and Development in 1992, would be a landmark in multilateral cooperation. Some delegations had said that it should lead to the adoption of binding commitments. Others proposed that any undertakings should reflect the developing countries' specific technological and financial needs. A number had also pointed to the contribution that the eighth session of the United Nations Conference on Trade and Development should make to promoting lasting economic development.

95. A fruitful exchange of views with the executive secretaries of the regional commissions had been held, as well as an informal exchange of views with the Managing Director of IMF. Some delegations had said that the scope of such exchanges should be broadened and enhanced. A record number of heads of specialized agencies had attended the Council's current session, thus reviving an old tradition of collaboration between the Council and the agencies.

96. He hoped that such participation would be further improved as a result of the reorganization of the Council's work, pursuant to General Assembly resolution 45/264.

The meeting rose at 1.10 p.m.

24th meeting

Friday, 12 July 1991, at 6.15 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.24

Statement by the President of the General Assembly at its forty-fifth session

1. Mr. de MARCO (President of the General Assembly) said that he would confine his statement to a few of the topics which appeared on the agenda of the Economic and Social Council, the purpose of his address being essentially to underscore the importance of the linkage between the General Assembly and the Council.

2. A year ago the international community had still been basking in the euphoria which had followed the fall of the Berlin Wall, the spread of democracy in Eastern Europe and the end of the cold war. Then the Gulf crisis and war had occurred; he had just visited Kuwait, which was still in a trauma. The international solidarity evinced during the crisis, however, and the many great problems still to be solved, had inspired in the Kuwaiti people a resurgent desire for self-reliance and restored self-rule. In particular, he had met members of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) which had the task of ensuring the Kuwaitis' safety while they were rebuilding their country. One of the conclusions to be drawn from the Gulf crisis was that it had shown the importance of Chapter VIII of the Charter of the United Nations, which spoke of regional security arrangements; a new concept of that Chapter would give the United Nations the capability and authority for timely intervention to prevent tragedies such as those the world had recently witnessed.

3. A few days before visiting Kuwait he had visited some of the refugee camps in Ethiopia at the invitation of the United Nations High Commissioner for Refugees. At Terifi Ber he had found about 100,000 refugees and returnees on the brink of utter destitution, a situation shared by millions of other refugees in the Horn of Africa and elsewhere in the world. He had called on donor countries and the interim Government in Ethiopia to try to end the fuel shortage which threatened to strangle relief efforts, and to enhance security for convoys. The Acting President and the Prime Minister of Ethiopia had given him assurances in that regard. Short-term solutions of that sort were essential in order to provide the refugees with food, ensure the safety of camps and convoys and establish better coordination between United Nations agencies and non-governmental organizations. United Nations officials were doing outstanding work, at times risking their lives, in the prevailing situation.

4. In his view, however, it was even more essential to seek a long-term solution, which had to be a political one. A fresh diplomatic initiative in the region was called for in order to bring the fratricidal wars to an end, since the situation in the Horn of Africa was worsening day by day; refugees and returnees made up over one million people currently on the move from the Sudan to Ethiopia

and Somalia, from Somalia to Ethiopia and the Sudan, and so on. Nor should it be forgotten that, according to WHO, some 30 million people in Africa were threatened by famine.

5. The General Assembly, at its resumed forty-fifth session, had adopted resolution 45/264 on 13 May 1991, on the restructuring and revitalization of the United Nations in the economic, social and related fields. That resolution dealt, to a large extent, with ways to improve the Council's work, bearing in mind that economic and social development was very closely related to the observance of human rights and accepted concepts of democracy. One of the great development issues was that perhaps three fifths of mankind suffered from a lack of development. Such degradation of the human condition threatened the maintenance of peace and security and thus cast a deep shadow on the future. For the sake of future generations, economic and social problems should be immediately tackled more aggressively and effectively. The issue involved not only the Council's efficiency but also its relevance.

6. The changes already made to the Council's functioning during recent years stemmed from the concern to ensure the adaptability of the Organization, which was being called upon to play an ever more complex role. The central features of General Assembly resolution 45/264 focused on the need for the Council to hold a high-level debate and to adopt, in general, a thematic and more focused approach. The current session, with its mix of the Special High-level Meeting and the series of informal panel discussions, would have been a good testing ground since it would enable the requisite adjustments to be made for reorganizing the Council's work. From 1992 onwards the Council would hold only one substantive session per year; and it might prove difficult to merge two sessions hitherto devoted respectively to social and economic issues. It would require considerable flexibility in order to focus the agenda on topics of genuine concern.

7. A number of extremely sensitive issues would have to be considered by the General Assembly: at its forty-sixth session, that of the subsidiary bodies of the Council and the Assembly; and later, at its forty-seventh session, the questions of the relationship between the Assembly and the Council, the composition of the Council and the Secretariat structure. Progress on those issues was of critical importance; improvements in the political climate gave grounds for some optimism in that regard. Failure to revitalize the Council might mean that the United Nations as a whole, including the General Assembly, would be unable to discharge effectively the responsibilities entrusted to it under the Charter. In other words, an effective Council was the key to enabling the Organization to carry out its tasks properly in the economic, social and related fields.

8. He had already initiated certain efforts to look at the manner in which the General Assembly and its Main Committees worked, and to see what improvements could be brought about in order to make them more relevant. He had recently received a number of proposals from an open-ended group, dealing with the question of rationalizing the Assembly's agenda, reviewing the structure of the Main Committees and considering the adoption of computer information technology for disseminating documentation. Those proposals, if agreed to by everyone, could be put forward for consideration by the Assembly at its forty-fifth session, before the latter's work was concluded at the end of September 1991, and the President of the Assembly at its forty-sixth session might wish to continue the work. It was of the utmost importance that the Assembly should play its role so as to ensure the peaceful adjustment of all situations. Future efforts should focus not only on improving and streamlining existing structures but also on the question of relevance. The lessons of the past were an inspiration to continue strengthening the Organization, in order for it to ensure for future generations a new world order in which peace in freedom and economic development in social justice prevailed.

The meeting rose at 6.40 p.m.

25th meeting

Monday, 15 July 1991, at 3.25 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.25

AGENDA ITEM 6

International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl

In the absence of the President, Mr. Juan Somavía (Chile), Vice-President, took the Chair.

1. Miss ANSTEE (Coordinator of the activities related to the Chernobyl accident in the United Nations system)

said that faced with disasters as tragic as that at Chernobyl, the human memory tended to take refuge in forgetfulness. Fortunately, the world community had a collective memory and a collective conscience. As evidenced by General Assembly resolution 45/190 of 21 December 1990 and by the efforts of some Governments, the United Nations system and non-governmental organizations, Chernobyl had regained the prominence it warranted. That was also evident from the outpourings of solidarity in countries all over the world on the fifth anniversary of the catastrophe.

2. The nature and magnitude of the accident which occurred on 26 April 1986 at the Chernobyl nuclear plant were difficult to grasp. The radioactive fallout showered not only the immediate vicinity but also made its way across the northern Ukrainian SSR, the Byelorussian SSR and south-western Russia to reach eastern Europe and even areas of Scandinavia and western Europe. Even after hundreds of thousands of people had been evacuated from the most affected areas of the three Republics, IAEA estimated that more than 1 million people still resided in contaminated regions.

3. The accident's immediate impact was strongest in the Ukrainian SSR where the reactor was located. Within a radius of 30 kilometres round the reactor—the "prohibited zone"—the highest concentration of plutonium and other radioactive particles was to be found. The Pripyat and Dnieper rivers which were the source of drinking water for nearly 30 million people were contaminated and, as the Dnieper drained into the Black Sea, the radioactivity it carried posed a threat to other countries.

4. The Byelorussian SSR, which received nearly 70 per cent of the total fallout, lost more than 20 per cent of its arable land and roughly half its territory was contaminated in various degrees. The accident also strongly affected the south-western part of the RSFSR.

5. In April 1991, she had led an inter-agency mission to the three affected Republics, which had visited hospitals, a resettlement area, the ghost town of Pripyat, whose 50,000 inhabitants had been evacuated immediately after the accident and the town of Novozybkov where another 45,000 people lived under the constant threat of caesium contamination. She had spoken to many of the people whose lives had been so disrupted that they seemed to be divided into two periods—before and after Chernobyl.

6. In the contaminated areas, children lived differently from ordinary children: they could not play in their gardens and were forced to spend the whole day shut up in school as a prophylactic measure. Their mothers lived with the anxiety that their children's health might be permanently affected. Pregnant women worried about whether they would be able to carry their children to full term and whether those children would be born normal. Farmers, being prohibited from using cereals or other crops for food, had ceased to cultivate their land or raise cattle. They were not even sure whether the food they were buying was safe. For all such people, the psychological trauma induced by the accident was so great that they trusted no one.

7. The United Nations had not contented itself with verbal expressions of solidarity. The Secretary-General had launched a vigorous campaign to coordinate the requirements and mobilize resources for international cooperation not only for the direct victims of the accident but also to deal with its social and economic effects.

8. She wished to highlight some salient features of the Secretary-General's report (E/1991/76) which the Council had before it. Since her appointment, she had set up a small secretariat, without any additional resources. She had visited the areas concerned and had held extensive discussions with the authorities. With her cooperation and that of her secretariat, the Governments of the USSR, the Byelorussian SSR, the Ukrainian SSR and the RSFSR had prepared a "master plan", referred to in the Secretary-General's report which was now known as the "joint plan" of those Governments. An Inter-Agency Task Force had been established comprising 15 organizations.

9. The cornerstone of the entire operation was, of course, the "joint plan", which presented a comprehensive and balanced programme covering the sectors of health, resettlement, food and agriculture, environmental monitoring and clean-up, socio-psychological rehabilitation and economic rehabilitation. The programme comprised some 140 projects, the external cost of which was estimated at about $650 million, a figure which would, however, need to be adjusted as prospective donors carried out feasibility studies of the projects that interested them. Given the complexity of the problem, the "joint plan" would have to be updated, refined and improved as negotiations on its funding proceeded. It was, however, a valid framework within which to start negotiations at all levels and between different partners: Governments, the United Nations system, non-governmental organizations and the private sector. Furthermore, it had been designed to capture the maximum of cooperation in the manner mutually acceptable to giver and recipient.

10. There was certainly no intention of setting up some mammoth United Nations operation. However, a Trust Fund for Chernobyl had already been set up in her office with contributions from some donors and it would be used to support priority projects through the relevant technical agency of the United Nations system and within the framework of the joint plan. Other procedures could be foreseen for collecting contributions; the important thing was that the much-needed assistance should arrive and be handled in the most expeditious way according to a coherent pattern that reduced duplication. In view of the fact that it would be a long process, it appeared desirable to anticipate continuing United Nations involvement, if only to monitor progress, evaluate results and help to adjust the plan as necessary. If a second phase was necessary, it would be essential to provide adequate financing for a modest support staff, for the current arrangements could not continue indefinitely.

11. She hoped that all Governments would review carefully the draft joint plan with a view to selecting the areas in which they could best help and that they would make known their intentions on 20 September 1991, the date on which a pledging conference would be held in New York.

12. The accident at Chernobyl was unique and unprecedented in the history of mankind in that its nefarious effects, both physical and psychological had had global repercussions that would continue long into the future. Chernobyl demonstrated the extent to which countries had become interdependent, particularly in matters relating to nuclear safety. There was much to be learned from the Chernobyl experience. International cooperation on the material level was indeed necessary but there must also be increased exchanges of knowledge and experience of value to all.

13. Mr. KOZYREV (Union of Soviet Socialist Republics) said that the accident at the Chernobyl nuclear power plant symbolized solidarity on a global scale. Over the past five years, it had become evident that the consequences of Chernobyl were much more complex and long-term than previously expected. That was confirmed by the detailed analysis of the situation made by Miss Anstee.

14. The Soviet Union had already done much to render essential assistance to the population of the affected areas in the RSFSR, the Byelorussian SSR and the Ukrainian SSR. The Union programme that had been approved provided for the 1990-1992 period a series of measures to eliminate the effects of the accident. For 1991 alone, 10.3 billion roubles had been earmarked to finance those activities. However, it had to be acknowledged that so far the efforts to bring about a substantial improvement in the situation had not been sufficient. There was no doubt that without the active involvement of the international community, it would be impossible to repair the consequences of the disaster. The disaster should serve to enhance awareness of the need to strengthen existing and new security systems in order to give reliable guarantees of safety.

15. The Soviet Union was grateful to Governments, international organizations and individuals for the great solidarity they had shown in helping to deal with a whole range of post-Chernobyl problems. The adoption by consensus of General Assembly resolution 45/190 opened up qualitatively new opportunities for broadening and enhancing the effectiveness of participation by the United Nations system in addressing those problems. Through the efforts of the Coordinator of the activities and the Inter-Agency Task Force, who were cooperating in all fields with the Governments of the Soviet Union, the RSRSR, the Byelorussian SSR and the Ukrainian SSR, good results could be anticipated in that domain.

16. The report on the implementation of General Assembly resolution 45/190 (E/1991/76) described constructive United Nations activities in respect of the problems of Chernobyl. It contained a comprehensive and objective analysis of the steps already taken and a correct assessment of the situation. It was essential that the findings and recommendations of the report should be fully implemented as soon as possible.

17. Among the measures envisaged in the resolution, he attached particular importance to the pledging conference. The positive results which were hoped for could serve as a launching pad for better directed activities by the international community to combat the forces of nature which had got out of control. He urged all members of the international community to contribute to the success of the conference and expressed the hope that a perusal of the report on the measures taken to implement General Assembly resolution 45/190 would result in the adoption by the current session of a positive decision on the subject.

18. Mr. KRAVCHENKO (Observer for the Byelorussian Soviet Socialist Republic) noted with satisfaction that the entire United Nations system was currently striving to implement General Assembly resolution 45/190 and to coordinate in the most constructive manner international assistance to mitigate the results of the Chernobyl disaster; the Secretary-General's report (E/1991/76) showed that clearly. The Byelorussian people appreciated the true worth of the unprecedented solidarity which had given rise to humanitarian assistance, mainly through non-governmental organizations, from about 60 countries to the people of the Byelorussian SSR, the Ukrainian SSR and the RSFSR. They had been the more touched because the aid they had received came not only from developed countries but also from poor developing countries.

19. The Byelorussian SSR supported the rationalization of long-term international assistance in the form of a joint plan whose implementation should be assured following the pledging conference. The priorities for multilateral cooperation set out in the plan had been worked out on the basis of proposals by the three Republics most directly affected by the disaster and decisions taken by the governing bodies of WHO, ECE, UNICEF, the United Nations Centre for Human Settlements (Habitat), UNEP, UNDP, UNIDO and UNESCO. Multilateral action would underpin the national infrastructure which was being created by the three Republics concerned which had adopted at the third meeting of the Council of Ministers for Foreign Affairs of the USSR and the Federated Republics a joint declaration stating that "... As part of this [United Nations] action it would be worthwhile envisaging measures to organize additional in-depth studies of aspects of the Chernobyl problem which have not been considered in the earlier expert evaluations and appraisals, with the participation of specialists from the Byelorussian SSR, the Ukrainian SSR and the Russian Federation and of international organizations and leading social movements" (E/1991/114).

20. He wished to thank the many experts from foreign countries and international organizations which had participated in the international Chernobyl project organized by IAEA at the request of the Soviet Union, as well as the Governments, private companies and research

workers, who, in one way or another, had participated in the discussion on the results of the project and disseminated information about it. The assessment of the radiological consequences of the disaster in the Soviet Union in 1990 made it possible to produce another evaluation of the consequences of the catastrophe for the inhabitants of contaminated areas where the contamination level did not exceed 35 curies per km^2. It was useful to compare that assessment and the independent conclusions of international experts, although the study and the evaluation made by the latter was still not comprehensive, omitting in particular certain medical, social and economic, psychological and even radiological problems. It was especially regrettable that no evaluation had been made of the damage caused by radioactivity to the 116,000 people evacuated in 1986 and to the 88,000 people who had been evacuated only in 1990 from certain areas where contamination exceeded 40 curies per km^2. There were also many points not cleared up in the evaluation of the medical effects of the disaster on the 215,000 persons evacuated from areas where the contamination level was between 15 and 40 curies per km^2.

21. The Byelorussian SSR and the Ukrainian SSR had participated from 21 to 24 May 1991 in the international scientific conference on Chernobyl in Vienna and on that occasion had made known in a joint statement the position they were adopting in their capacity as the most affected republics. Unfortunately, the draft scientific report which should have been available for study before the session of the Council had not been written in time and the experts were involved in controversy about the consequences of the disaster. It was however quite apparent that the extent and complexity of the problems and their consequences went far beyond what had been anticipated from the preliminary evaluations and even some later evaluations. The Byelorussian SSR was ready to conduct any additional studies required with the participation of independent international experts and was also prepared to organize an international round table or conference; it did not rule out resubmitting to the judgement of experts the first expert reports on the consequences of the disaster, particularly in respect of radiology. It might be desirable to commission a global review by an authoritative independent body or organization which had not so far been directly involved with the issue.

22. The Byelorussian SSR was not disposed to confine itself to counteracting the direct consequences of the disaster; it considered it indispensable, in the interests of the world community as a whole, to participate in working out preventive approaches to check any further transboundary dissemination of the effects. Researchers had already observed that the flesh of certain migratory birds used for food in Near and Middle Eastern countries and on the African Continent contained Chernobyl radionuclides. The Black Sea and the Mediterranean might perhaps become contaminated by the outflow from the Dnieper. Some delayed chemical interactions might cause dangerous surprises in ecosystems. From that viewpoint, it was incumbent on all countries to take the necessary action which indeed should constitute one of the social and economic priorities of the United Nations system.

23. Mr. MAJOOR (Netherlands), speaking on behalf of the European Community and its member States, reviewed international actions undertaken by United Nations organizations, by the EC and by individual member States to combat the consequences of the Chernobyl accident.

24. The Council resolution 1990/50 of 13 July 1990, General Assembly resolution 45/190, and resolutions of the World Health Assembly and ECE had all recommended close cooperation and coordination between United Nations organizations and the Governments involved. Taken overall, the resolutions had elicited positive responses: a United Nations programme had been set up to serve as a framework for activities undertaken within the system, a special fund had been set up as well. The World Health Assembly had adopted in May 1991 a long-term international programme to mitigate adverse health effects of the accident, and a scientific centre had been set up in Chernobyl under the auspices of IAEA. Mention should be made of the international Chernobyl study, a massive expert undertaking in which IAEA, WHO, FAO, WMO, the United Nations Scientific Committee on the Effects of Atomic Radiation, the EC and scientists from all over the world had participated. The data, conclusions and recommendations emanating from the project could provide guidelines for future cooperation in that field. Without doubt, such initiatives were merely a starting-point and should be followed by other long-term actions. The EC, individual member States as well as private organizations had already undertaken deliveries of food and medical assistance, technical equipment to measure radiation, facilities for decontamination and technical advice in the affected regions. That assistance would be continued.

25. The Chernobyl disaster had shown the lasting consequences such accidents might have for society and for the environment. International cooperation should therefore extend to the prevention of technological and industrial disasters. In December 1990, the Ministers of Foreign Affairs of the EC had decided to provide technical assistance in the field of safety of nuclear installations. Furthermore, a European energy charter was currently being prepared and it was proposed that the parties to the charter should cooperate in evaluating and improving the safety of nuclear installations. The member States of the EC were also cooperating on work on the same problems taking place under the technical assistance programme to the Soviet Union and in other international organizations such as IAEA and the nuclear energy agency of OECD.

26. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic) said that people of his generation in the Ukrainian SSR had in their lifetime suffered three major disasters: in 1933 the Stalinist regime had caused a famine in which over 7 million people had died; in 1941-1945 war had claimed over 6 million victims; the 1986 Chernobyl disaster had had consequences that were still

impossible to evaluate but they would certainly also be tragic.

27. Since 1990, the Council and the General Assembly had expressed in their decisions the great concern felt by the international community about the consequences of the disaster which was admittedly unprecedented in scope. Five years later, the health hazards for the affected population had not diminished. In the Ukrainian SSR, the contaminated area covered 3.5 million hectares and more intensive research than before made it clear that the contamination had reached regions previously regarded as "clean". The Dnieper, which provided many people with drinking-water, was carrying Chernobyl radionuclides great distances and the number of congenital malformations was constantly rising. In the first year after the disaster over 100,000 Ukrainians had to be evacuated and resettled: they were "ecological refugees" still condemned to a long exile.

28. A moratorium had been declared on the construction of new nuclear plants and it had been decided to dismantle the Chernobyl plant although it had apparently ceased to contaminate the surrounding environment. A series of legislative measures had been adopted to help persons who had been exposed to the effects of the disaster or who had participated in eliminating its effects; and a centre of radiological medicine had been set up for them.

29. The Ukrainian SSR could not, however, really ensure the protection of its population without the concerted assistance of the international community. The Coordinator of the activities related to the Chernobyl accident had told the Council about the preparations for a pledging conference. The international economic situation was hardly propitious for assistance of any kind, but the Secretary-General had been sufficiently persuasive to make it possible to hope that reasonably large numbers of potential donors would attend the conference.

30. He wished to pay a tribute to the United Nations and the specialized agencies which had already adopted a series of effective measures to implement the provisions of General Assembly resolution 45/190. In particular, UNESCO, IAEA, WHO and ILO were cooperating actively with various Ukrainian bodies. He paid special tribute to UNDP and UNICEF which had recently sent an expert field mission.

31. IAEA, with the assistance of an expert group, had finalized an international project to evaluate the radiological effects of the disaster. Its findings, which had just been published, had been examined at the international scientific conference held in Vienna at which specialists from the Ukrainian SSR had participated. The latter had not subscribed to all the conclusions, including those on the repercussions of the disaster on the health of the affected populations. The experts had based themselves on samples taken from a total of seven human settlements, including two in the Ukrainian SSR. There, however, an area inhabited by 1.7 million people had been affected and it was insufficient to rely on such a small sampling. Ukrainian doctors who had studied the population exposed to radiation for five years had reached conclusions which were far less optimistic than those of the international specialists. Furthermore, the state of health of some 600,000 "liquidators" and over 100,000 evacuees had not been studied. In addition, the IAEA group had not studied the case of many children evacuated only 32 hours after the disaster. American experts in Washington, D.C., who initially had been sceptical about the abnormally high number of cases of spinal cord cancer detected at the Ukrainian Institute of Endocrinology had unfortunately changed their minds when they had seen the case histories. Studies undertaken so far therefore represented only a first step in assessing the consequences of the disaster. It was desirable to extend the work which had been carried out, particularly in the field of human health, where the consequences of the disaster were certainly more serious than the international experts thought.

32. The Ukrainian SSR would give its full support to the intensification of international action to mitigate the effects of the disaster and would collaborate as actively as possible in the joint plan established by the Coordinator and a number of Governments, including that of the Ukrainian SSR.

33. Mr. KÄÄRIÄ (Finland), speaking on behalf of the five Nordic countries, said that the consequences of the Chernobyl disaster could still not be fully assessed and continued to affect seriously the inhabitants of the affected areas, not only at the economic, social and medical levels but also in psychological and sociological terms.

34. The Nordic countries wished to stress the importance of countries using nuclear energy to minimize the risks involved and endeavour to achieve the highest standards of safety at the installations. The risks involved in the use of nuclear energy made it essential that research and development of new sources of energy should be a high priority, both nationally and internationally.

35. The Nordic countries had actively supported the initiatives undertaken by the international community in the wake of the Chernobyl accident and noted with appreciation that inter-agency and interdisciplinary cooperation within the United Nations system had rarely been so effective. Efforts should also focus on the follow-up and monitoring of the scientific consequences of the accident. The Nordic countries urged the relevant United Nations organizations to tackle disaster preparedness and to study the precautions to be taken in nuclear and other industrial installations. The Nordic countries were cooperating bilaterally with the Soviet Union in the nuclear security field; that should be seen as a complement to the action undertaken at the multilateral level.

36. The Secretary-General, in his report on the implementation of General Assembly resolution 45/190 (E/1991/76), indicated that a special inter-agency task

force had visited the Chernobyl area and that a master plan of aid requirements, mainly in the humanitarian field, had subsequently been prepared. The Nordic countries would have liked that document to have been available to members of the Council before the opening of the current session.

37. Mr. GONZALEZ (International Atomic Energy Agency) reported to the Council on the recently completed international Chernobyl project, which IAEA had organized early in 1990, in response to a request by the Government of the Soviet Union, for the purpose of evaluating radiological consequences of the Chernobyl accident for human health and the environment and determining the requirements for safe living in the contaminated areas. Again at the request of the Soviet Government, a project planning meeting, in which representatives of the Soviet Union and of the Governments of the Ukrainian SSR and the Byelorussian SSR had participated, had been held in Moscow, and subsequently a 10-member international team of experts had carried out a preparatory mission in the three affected republics, in order to review information provided by various Soviet organizations, to introduce the project to the local population and to learn about people's concerns. On that basis, the team had defined the project's goals and drafted a tentative work plan.

38. A 19-member International Advisory Committee, chaired by the Director of the Radiation Effects Research Foundation at Hiroshima, Japan, was subsequently set up to monitor the project and prepare the final report. During the implementation of the project, which began in May 1990, about 200 independent experts carried out some 50 technical missions in the Soviet Union. He stressed that the experts had worked not in two or three settlements, as indicated by the Ukrainian representative, but in 28 settlements affected by the accident and had used seven additional settlements as controls. The project involved five major tasks: the historic portrayal of events; corroboration of the environmental contamination assessments; corroboration of the individual and collective dose assessments; evaluation of the clinical health effects from radiation exposure and of the general health situation; and protective measures.

39. In March 1991, the International Advisory Committee approved the conclusions and recommendations of the project which might be summarized in the following way: (*a*) the surface contamination levels reported in the public literature were generally corroborated; (*b*) the radiation doses already incurred and anticipated in the future were lower than originally estimated; (*c*) while non-radiation-related health disorders and negative psychological consequences had indeed been observed in the settlements surveyed, there was no evidence at that stage of health disorders directly attributable to radiation exposure; and (*d*) although the general response of the authorities had been to a great extent reasonable and consistent with international guidelines at the time of the accident, some of the measures taken or planned for the longer term appeared more extensive than necessary on purely radiological grounds. It was recognized, however, that social and political factors had to be taken into account.

40. In May 1991, an international scientific conference was held in Vienna to examine its conclusions and the following month, the Board of Governors of IAEA agreed that the conclusions should be submitted to the forthcoming IAEA General Conference.

41. It should be noted that the information collected by the project refuted some exaggerated reports about radiation effects in the affected areas. The information was coherent with the results of a previous evaluation by the United Nations Scientific Committee on the Effects of Atomic Radiation as well as of two other, more limited, studies by WHO and the League of Red Cross and the Red Crescent Societies. It was also consistent with predictions based on the results of studies of the long-term effects of the explosions at Hiroshima and Nagasaki. However there had been criticism of the fact that persons who had taken part in decontamination work and people who had been evacuated from the prohibited zone had not been the subject of any international study. Although there was no doubt that an inquiry into the exposure to which those groups had been subjected would be of scientific interest, they were already outside contaminated areas and no immediate measures could be taken other than continuous monitoring of their state of health. Nevertheless, the IAEA Director General had indicated at the most recent meeting of the Board of Governors that if the Soviet side requested the Agency to try to establish, in cooperation with WHO, the potential health consequences of such exposures, an inquiry of that type could be undertaken to supplement the one that had just finished.

42. Other international activities were also under way to deal with the many consequences of the Chernobyl accident. The Inter-Agency Committee for the Response to Nuclear Accidents was encouraging its United Nations system members to carry out research to that end. WHO was planning to organize a long-term international programme for the study of medical aspects of the accident, an initiative the IAEA was actively supporting. Finally, the Agency expected to participate in coordinating the work carried out by the Chernobyl Centre for International Research, recently established by the Byelorussian SSR, the Ukrainian SSR and the Soviet Union.

43. Mr. SOKOLVARI (Thailand) said that his delegation was concerned about the effects of the Chernobyl disaster on people's lives and health, in particular the state of health of children subjected to the effects of radiation.

44. Considering the need to continue taking comprehensive measures to study and minimize the consequences of the accident, especially measures to safeguard the health of the population, to improve the environment in the contaminated areas and to prevent further possible transboundary radioactive effects, his

delegation urged that coordination of the ongoing international efforts to that end should be strengthened.

45. Mr. BAIER (Austria) said that the Chernobyl disaster clearly called for a response of solidarity on the part of the international community. Whatever the precise scientific assessment of the extent of the radiological consequences of the accident, it was clear that it had caused unprecedented human suffering.

46. His delegation was convinced that the able leadership of the Coordinator would continue to act as a catalyst and would call forth concrete manifestations of international concern for the affected populations. It welcomed the organization in New York, on 20 September 1991, of a pledging conference and would recommend its Government to give very careful consideration to the joint plan submitted by the Governments of the Soviet Union, the Byelorussian SSR, the Ukrainian SSR and the Russian SFSR.

47. The Austrian Government had decided to allocate a contribution of 50 million schillings to a children's hospital in Minsk and was also financing a variety of activities by Austrian non-governmental organizations in that region. Austria had been one of the sponsors of General Assembly resolution 45/190. Considering that it was also crucial to do everything possible to prevent similar disasters to that of Chernobyl from happening in the future, Austria had also co-sponsored a resolution adopted by the General Conference of IAEA at its thirty-fourth session endorsing a multi-year programme of international cooperation to assist and improve the safety of older nuclear power plants. It had furthermore supported the continuation of an IAEA programme started in the first half of 1990 to assess the radiological consequences of the Chernobyl nuclear accident.

48. Mr. KOIKE (Japan) said that over five years after the accident and in spite of international efforts to minimize the consequences of that unprecedented man-made disaster, the population in the affected areas continued to live in fear and anxiety and the social and environmental damage remained great. Having suffered the effects of the atomic bomb, Japan felt profound sympathy for all those whose lives had been gravely affected by the accident and continued to be very concerned by the possible long-term effects on human health and the environment. From a humanitarian point of view, Japan considered it essential that the international community should support both multilateral and bilateral initiatives to counter the consequences of the disaster.

49. His delegation wished to express its appreciation to IAEA for the report on the radiological consequences and the evaluation of the protective measures taken following the Chernobyl accident, which was based on extensive research carried out over a period of a year and a half by prominent experts. It was aware that there was criticism of the report on the grounds that it underestimated the consequences of the accident; that the research was limited in scope; and that long-term health threats were hard to gauge. Nevertheless, Japan was of the view that the report should be regarded as a basis for future international cooperation in the matter since it was the most comprehensive and authoritative one available to date.

50. At the bilateral level, Japan had signed in September 1990 a memorandum with the Soviet Union arranging reciprocal visits by experts to facilitate fact-finding and specific cooperation. In April 1991, on the occasion of President Gorbachev's visit to Japan, another memorandum was signed for the purpose of alleviating the health consequences of the accident for the affected populations and organizing exchanges of information and experts, conferences and symposia, a joint study and joint publications.

51. At the international level, in February 1991 Japan had paid to WHO a contribution equivalent to $20 million to buy medical equipment for hospitals in the Byelorussian SSR, the Ukrainian SSR and the RSFSR. As the Secretary-General had recently observed to the Japanese Minister of Foreign Affairs, the Chernobyl disaster had demonstrated in starkest terms the interdependence of the world today in matters relating to nuclear safety and therefore there was a need for cooperation rather than assistance. His Government concurred fully with that view and intended to make the expertise it had acquired available to international endeavours in that field.

52. Mr. NAPALKOV (World Health Organization) said that he wished to brief the Council on the progress achieved in developing the international programme to mitigate adverse health effects of the Chernobyl accident. The programme, which was to be implemented under the auspices of WHO and which had been approved in May 1991 by the World Health Assembly, included the setting up of an international centre in the Soviet Union. The international programme focused on the clinical examination and treatment of exposed populations in the affected areas, with particular emphasis on the potential increase in brain damage, leukaemia and thyroid disorders. It would also analyse the medical problems brought about by the disaster, including the fields of psychology, nutrition and medical rehabilitation. It would also be concerned with extending knowledge about the effects to health of exposure to low doses of radiation as well as strengthening radiation emergency preparedness. It would complement the work carried out by the Radiation Effects Research Foundation at Hiroshima, Japan.

53. With the assistance of resources provided by the Soviet Union and the Government of Japan, pilot projects on the detection and treatment of disorders due to radiation were already under way as well as epidemiological studies on its longer-term effects. Many of those effects such as cancer and genetic abnormalities would not appear for a number of years. Accordingly, the programme should be continued for at least several decades. Its success would depend not only on the financial support of member States but also on the willingness to contribute their scientific and technical expertise. It was difficult at the current stage to assess accurately the overall financial requirements but they could be of the order of

$150 million to $200 million over the next 15 to 20 years, much of that amount being allocated to the provision of diagnostic and research instrumentation.

54. The nuclear accident at Chernobyl had had wide-ranging consequences in fields other than health: it was of the highest importance to maintain close collaboration between the different sectors involved. WHO had participated actively in the work of the Inter-Agency Committee for the Response to Nuclear Accidents and it was also a member of the newly established Inter-Agency Task Force. In the field of health, the optimal solution would be to coordinate all the projects through the WHO international programme. It was up to the international community to act in accord and decisively in working with the national and local authorities to help alleviate the adverse effects and the stress to which the exposed populations were subject and to document the large amount of unique data which would otherwise be irretrievably lost.

55. Mr. CAMARA (Food and Agriculture Organization of the United Nations) said that immediately after the Chernobyl accident, FAO had established a Standing Committee on Radiation Effects on Natural Resources and Agricultural Products to coordinate the activities of all its interested divisions in studying and minimizing the consequences of the disaster on agriculture, food production and food trade. The Chairman of the Standing Committee had been nominated to represent the organization on the Task Force established by the Coordinator of the activities related to the Chernobyl accident in the United Nations system, thereby ensuring continued internal coordination within FAO and between FAO and other United Nations agencies. The Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture was participating on behalf of FAO in ongoing activities.

56. Major agricultural problems would continue in the areas affected by the accident for many years to come. A large amount of arable land has been taken out of cultivation because of contamination and rural life had been severely disrupted even when the inhabitants had been allowed to stay where they were. The FAO/WHO Codex Alimentarius Commission had adopted, for use in international trade, guideline levels for radionuclides in food following accidental nuclear contamination. The relevant new IAEA recommendations would incorporate the Codex guidelines and the Soviet authorities had applied similar standards to those of the Codex to ensure safety of the food supply and establish consumer confidence in official market outlets. However, small-scale food producers normally provided up to 15 per cent of overall supplies and production remained severely disrupted, either because it could not meet the safety requirements or because it was not routinely subjected to control procedures.

57. The Joint FAO/IAEA Division would be preparing guidelines on countermeasures to be taken to reduce contamination of soils, crops and livestock and methods of reducing radioactive caesium levels in livestock and livestock products. In collaboration with the Norwegian Government, the Joint Division had developed a project for the use of caesium binders to reduce levels of radioactive contamination; the project had been submitted to the Inter-Agency Task Force for funding. Among the projects submitted to the Task Force, 27 dealt with food and agriculture and a number of proposals were concerned with environmental effects related to agriculture, the majority of the projects having the aim of increasing the production of non-contaminated foodstuffs. The Joint FAO/IAEA Division would assist the Task Force by reviewing and evaluating the projects submitted to it.

58. Mrs. SEMICHI (Algeria) said that five years after what was undoubtedly the greatest technological disaster, it was still not possible to assess the extent of the devastation. The direct impact on affected populations was aggravated by the closure of industrial enterprises and the deterioration, if not the devastation, of arable land in both the Ukrainian SSR and the Byelorussian SSR. Tribute must be paid to the action of the authorities of those two Republics and of the Soviet Union as a whole which had set up a national committee and sent experts on nuclear and other matters: that had helped in identifying the affected areas, organizing the necessary evacuation operations and assisting in mitigating the immediate consequences of the accident.

59. The extent of the disaster had given rise to an upsurge of solidarity in the international community and the United Nations had demonstrated its ability to mobilize on both the technical and financial level. The preparation of a master plan, the setting up of a special task force and the extensive programme which was being drawn up would also make it possible to assess accurately the nature of the assistance required. Her delegation hoped that at its current session the Council would provide the necessary impetus for effective and well-coordinated international action to be realized by the large-scale and appropriate assistance of the United Nations and its specialized agencies.

60. That international cooperation already augured well since it was based on a vital human trait—solidarity. By drawing the lessons from the disaster and keeping in mind the solidarity and interdependence among nations it would be possible both to resolve pressing problems and to safeguard against other major accidents of that kind. In the light of that experience and *inter alia*, that of Bhopal, it would be desirable to devote more attention to preparedness for all types of technological accidents so that the United Nations system was adequately equipped in that sphere. The Internationa Decade for Natural Disaster Reduction[1] was an appropriate framework for that exercise.

61. Mr. ROBLES (Mexico) welcomed the continuous attention that the Council was devoting to the agend item, and the activities undertaken or envisaged by th United Nations system through the Inter-Agency Tas Force. Mexico noted with satisfaction the covening of

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[1] Proclaimed by the General Assembly, in its resolution 44/236.

pledging conference with the aim of mitigating the effects of the Chernobyl accident.

62. The lessons of the Chernobyl disaster were very important in view of the varied and lasting effects of the accident, particularly on human beings and the environment. Mexico had always been a supporter of the peaceful uses of nuclear energy but it had always also strongly encouraged efforts at denuclearization, as was evidenced by the Treaty for the Prohibition of Nuclear Weapons in Latin America (Treaty of Tlatelolco).[2] The end of the cold war had banished the threat of a nuclear war; it would be desirable if it also paved the way for the total elimination of nuclear arsenals. It must not happen that through lack of political will in the field of disarmament, the world ran the risk of a disaster infinitely more serious than that of Chernobyl. The United Nations must play a central role in multilateral disarmament efforts.

63. Mr. GROZDANOV (Bulgaria) said that his country, which was close to the disaster area, had endorsed the urgent appeal for international action to study and minimize the disastrous consequences of the Chernobyl accident. By that action, the international community would not only perform humanitarian work but it could also acquire experience and develop the scientific and technological potential to combat similar disasters. The problems were multidisciplinary by nature and no single country possessed the great technical, scientific and organizational capacity needed to solve them.

64. Bulgaria welcomed the efforts made in that sphere by the Secretary-General and by United Nations bodies, agencies and programmes, in particular in preparing a programme for coordinating the activities to be undertaken. It supported the efforts to translate the programme as soon as possible into specific measures in which it was very anxious to participate. On the bilateral level, in addition to the measures already taken by the Government, Bulgaria had recently proposed to receive children from the affected areas.

65. The PRESIDENT said that the discussion had highlighted the feeling of human solidarity shown five years after the Chernobyl disaster. A good deal of work still had to be done in order to identify all the consequences of the tragedy, but the discussion had made it clear that there was a real will to cooperate and the coordinating role of the United Nations had been recognized. At the same time, the complexity of the problem and its multiple facets made it a global problem which could not be solved by compartmentalized, isolated interventions. The discussion had perhaps made it possible to tackle the matter as a whole and in the context of interdependence.

66. There had been references to the problem of preparedness against the danger of future disasters. In that connection mention had been made of the International Decade for Natural Disaster Reduction and of the accidents at Bhopal, Seveso and Three Mile Island which, although not on the same scale as that of Chernobyl, showed that security must not be concerned solely with military aspects. It would perhaps be useful for the United Nations to give some thought to a new concept of security which would encompass ecological, technological, social, economic and other aspects.

67. Miss ANSTEE (Coordinator of the activities related to the Chernobyl accident in the United Nations system) explained that the work which had been accomplished had been in large measure team work in which many partners had contributed under harsh constraints of time, space and the multidisciplinary nature of the problem. She paid a tribute to all those in the Ukrainian SSR, the Byelorussian SSR and throughout the Soviet Union who had worked tirelessly to prepare the master plan in record time. The same went for the members of the Inter-Agency Task Force, who had achieved the impossible.

68. She was aware that many people had applied themselves during the preceding five years to mitigating the effects of the Chernobyl disaster and that some had given their lives for that end. But the work done was only the first stage in a long series of activities to be undertaken. The following stage, that of the pledging conference and the implementation of the programme, would be decisive. She had been very encouraged by the discussion which the Council had devoted to the matter and she was confident that the following stage would make it possible to pursue the work undertaken in a direction which benefited directly the populations of the affected areas.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued*)*

69. The PRESIDENT announced that the secretariat had been informed that the names of candidates had been submitted for certain vacant posts on the committees of the Council. He therefore suggested that an item 19, entitled "Elections", for consideration at the 31st meeting, should be added to the agenda.

It was so decided [decision 1991/273, para. 3].

The meeting rose at 5.50 p.m.

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[2] United Nations, *Treaty Series*, vol. 634, No. 9068.

* Resumed from the 18th meeting.

26th meeting

Tuesday, 16 July 1991, at 10.25 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.26

AGENDA ITEM 4

Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries

In the absence of the Chairman, Mr. Juan Somavía (Chile), Vice-Chairman, took the Chair.

1. Mr. POST (Netherlands), speaking on behalf of the European Community and its member States, said that the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries[1] marked a new beginning for international economic cooperation and had laid the foundation for a number of successful meetings in 1990, such as the Second United Nations Conference on the Least Developed Countries and the World Summit for Children, and for the elaboration of the fourth International Development Strategy for the United Nations Development Decade.[2]

2. The EC was contributing positively to the major macroeconomic objectives of the Declaration. It considered that the international community had a responsibility to support the developing countries in their efforts to solve their problems by creating a favourable international economic environment. Both international and national policy frameworks needed to be adequate. Sound national policies were essential for the economic development of developing countries.

3. The EC shared the common view regarding the need to pursue anti-inflationary policies and to increase global savings and reduce deficits. Its member States believed that a rise in savings needed to be generated in the industrial as well as developing countries, through improved public sector savings and the reduction of government budget deficits.

4. Despite recent financial instability and economic uncertainty, large fluctuations in exchange rates had been avoided and external imbalances reduced. Within the EC the exchange rate mechanism had contributed to a high degree of convergence and stability. The aim of all the major initiatives under way in the EC—completing the internal market, strengthening economic and social cohesion and the attainment by stages of economic and monetary union—was to improve growth prospects through better use of resources. The single market would improve the growth and trade prospects of the world as a whole, and the greater convergence of economic and monetary policy would contribute to greater stability in the global economy. It would not mean that the EC would become inward-looking. When the single market came into effect in 1993, it would be considerably easier for exporters to operate in it. The expected economic growth in the EC would also increase market opportunities for all exporters including developing countries.

5. A number of proposals had been made by certain member States of the EC for implementing the evolving debt management strategy. The EC also attached great importance to strengthening the multilateral trading system. Its member States were participating actively in the Uruguay Round of multilateral trade negotiations and had made offers to liberalize trade across a wide range of issues and sectors, including some of particular importance to developing countries such as tropical and agricultural products and textiles where the aim was ultimately to phase out the Arrangement Regarding International Trade in Textiles (Multifibre Arrangement).[3] The Community would continue to negotiate actively and constructively in the coming months.

6. The Community's development policies were evolving continuously to meet new challenges and situations. One of its main policy instruments was the Fourth ACP-EEC Convention signed at Lomé on 15 December 1989.[4] The Fourth ACP-EEC Convention involved 69 ACP countries, including all the developing countries of sub-Saharan Africa. The Convention had a budget of 12 billion ECUs for the period 1990-1995, a 25 per cent real increase over the Third ACP-EEC Convention. The focus continued to be on rural development and the development of human resources, and new emphasis had been placed on population, environment, small business and private investment.

7. The EC had also substantially increased its financial commitments to the Mediterranean region, as well as to the countries of the Maghreb and Mashreq. It had

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[1] General Assembly resolution S-18/3, annex.

[2] General Assembly resolution 45/199, annex.

[3] See 17th meeting, footnote 4.

[4] See *The ACP-EEC Courier*, No. 120 (March-April 1990).

adopted new guidelines for cooperation with developing countries in Latin America and Asia and substantially increased its assistance. Together, the EC member States' development assistance programmes totalled $22.5 billion. They recognized, however, that, given the immensity of the task and the efforts at democratization and economic reform being undertaken in developing countries, a still bigger effort would be required. They remained firmly committed to the provision of development assistance, a commitment underlined by the recent substantial increases. They were also seeking to coordinate their aid efforts more closely to improve their quality and effectiveness. That commitment would not be undermined by the urgent requirements for capital and assistance in other areas of the world.

8. As far as aid to the least developed countries was concerned, the EC as a whole already gave 0.13 per cent of its GNP to the least developed countries and the amount would be increased beyond 0.15 per cent before the end of the 1990s. Some member States had already exceeded that figure.

9. The Declaration on International Economic Cooperation recognized the relationship between economic performance and development on the one hand and open and accountable government and human development on the other, including respect for fundamental freedoms and the right to participate in decision-making as well as to share the fruits of development. The full utilization of human resources was based on full recognition of human rights. The EC was therefore committed to promoting human rights and more open, participatory and efficient government, based on freedom, human rights and respect for the rule of law. Helping the developing countries accede to democracy, thus giving all sections of the population equitable access to economic resources and a greater role in development, was one of its priorities.

10. The United Nations Conference on Environment and Development offered an opportunity to reach a global consensus on environmental problems, backed by agreement on the resources and institutions needed to implement a programme of action aimed at the solution of global and domestic environmental and developmental problems. The Community would actively participate in preparations for the Conference, as the goals in view frequently corresponded to goals being pursued within the EC. It was paying particular attention to the important and interrelated issues of the transfer of environmentally sound technologies, funding and environmental institutions.

11. The policy of the EC and its member States towards the countries of Eastern Europe had sought to be as supportive as possible during the period of economic transition, which had proved more difficult than expected. A large number of initiatives had been taken aimed at financial assistance, technical support and the liberalization of trade relations. A series of restrictions on trade with Eastern Europe had been reduced or eliminated and a number of trade and cooperation agreements with Eastern European countries and the Soviet Union had already led to increased imports from the region. Association agreements were being negotiated with Poland, Hungary and the Czech and Slovak Federal Republic. The Charter of Paris for a New Europe,[5] formulated with the Community's active participation, set out among other things guiding principles for the development of business and investment. The Community's member States had contributed 51 per cent of the capital of EBRD and increased their assistance through EIB. They had also increased technical assistance through the PHARE programme (*Pologne-Hongrie : Assistance à la restructuration économique)* and the Group of 24 initiative which was being administered by the European Commission. The developing countries also would benefit from an economically more dynamic Eastern Europe, through increased world trade and potentially greater aid flows in the longer term.

12. Mr. KUFUOR (Observer for Ghana), speaking on behalf of the Group of 77, said that the emphasis in the Declaration adopted by the General Assembly at its eighteenth special session on the objective of revitalizing economic growth and development in developing countries had stemmed from the recognition that current policies had stultified development and engendered widespread poverty in developing countries. In its assessment of the world economy in the 1980s, the General Assembly had concluded that external indebtedness had emerged as a main factor in the economic stalemate in the developing countries. A recent article in the *International Herald Tribune* pointed out that, in 1983, the indebted countries had owed $644 billion and that by 1990 they had paid their creditors $673 billion but their debt had risen to $950 billion. The World Bank and IMF set the figure at $1,300 billion. That result was, to say the least, untenable and an indictment of the debt strategies so far pursued. The more debtor countries paid, the deeper they sank into the debt quagmire.

13. Another main constraint on the growth of the developing countries was adverse terms of trade reflecting the unequal exchange of goods between developed and developing countries. The two together had resulted in a large net transfer of resources from the developing to the developed countries, thus depriving the developing countries of much needed resources for development.

14. The commitments assumed by the developed countries, to seek a durable and broad solution to the developing countries' external debt problems, to channel substantial concessional resources to them, especially the least developed, in order to enable them to cope with the challenges of the 1990s, to create the framework for a better functioning of commodity markets in more stable and predictable conditions and to promote an open and credible multilateral trading system, must all be implemented.

15. The developing countries, for their part, had adopted far-reaching policy reforms designed to achieve

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[5] A/45/859, annex.

structural transformation of their economies. Many had liberalized their economies and opened them to competition. Political reforms were also being undertaken to allow the people to participate in the decision-making process and market-oriented policies were being put in place. All those efforts must be matched by corresponding action by the developed countries to create the necessary conditions for the economies of the developing countries to grow. It was all the more urgent, therefore, that the Uruguay Round should be concluded in a fair and balanced manner and as quickly as possible. The developing countries needed an open and liberalized trading system that recognized their special needs and concerns to enable them to participate fully and profitably in international trade. It was not acceptable that, as the developing countries liberalized their economies, the developed countries should be allowed to impose or maintain quotas and tariffs against goods produced by developing countries or to grant large subsidies to their farmers to the disadvantage of agricultural producers in developing countries.

16. The United Nations Conference on Environment and Development and the eighth session of the United Nations Conference on Trade and Development would present the international community with a historic opportunity to buttress the spirit of cooperation and partnership nurtured by the Declaration and create an international economic environment conducive to growth and development. The developing countries stood ready to play their part in those endeavours.

17. The United Nations development system had an important role to play in implementing the commitments and policies agreed upon in the Declaration. Many of the bodies concerned had outlined, in the note submitted by the Secretary-General (E/1991/96), how the provisions of the Declaration impinged on their mandates. Future reports should give details of the programmes devised by the system for the practical implementation of the Declaration. The restructuring of the intergovernmental machinery to be undertaken by the General Assembly at its forty-sixth session would, if successfully completed, put the system in a better position to respond efficiently and effectively to the needs of the developing countries in particular, and of the international community as a whole.

18. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that his delegation attached great importance to implementation of the principles embodied in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries. With the new global consensus set out in the Declaration, Member States had taken a major step towards the creation of essentially new partnership relations.

19. A key element in Soviet internal policies was the construction of an open economy operating in line with world practice as a step towards full integration into the world economic system. To that end, a number of legislative measures had been adopted to facilitate the transition to a market economy. The matters covered included the creation of conditions for the operation of free enterprise; the denationalization and privatization of property, and the separation of the functions of government from ownership; the abolition of monopoly through the dismantling of the administrative command system and reorganization of the productive structure into smaller units coupled with diversification of production; the construction of an effective finance, credit and currency system; reform of the budgetary mechanism and tax system; the establishment of a financial market; and a pricing system appropriate to the transition to market principles. Legislation had been enacted making provision for a variety of forms of ownership of enterprises (State, collective, and private) and laying down principles governing the business activities of Soviet citizens. Other legislation included: an anti-monopoly law; laws regulating the State bank, and banking activities in general, establishing a reserve system, and putting the entire banking system on a two-tier basis; a law on the taxation of enterprises, companies and organizations which, in line with the Government's anti-crisis programme, provided for a shift to the widely used value-added system.

20. The reform of external economic relations was an important element in the building of an open economy. The external trade monopoly had been ended and measures adopted to encourage foreign investment. All enterprises, whatever their form of ownership, had been given the right to independent access to the external market and by the beginning of 1991, more than 26,000 had been registered as participants. The new customs, currency and investment legislation provided an essential adjunct. He drew special attention to the recently adopted law on foreign investments, the ratification of agreements with 15 countries on the encouragement and mutual protection of capital investments, the signature of double taxation agreements with a number of countries and the initiation of programmes to attract foreign investments and to provide for transition to convertibility of the rouble. It was proposed to introduce internal convertibility from early in 1992.

21. The participation of the Soviet Union with observer status in GATT, its foundation membership in EBRD, and its closer links with IMF and the World Bank were important steps towards the achievement of greater economic openness and integration into the world economy.

22. The Declaration called for the reduction of military expenditures, by all countries, as a means of accelerating economic development. His country was implementing its undertaking to reduce military expenditures by 14.2 per cent by 1991, cut the output of military technology by 19.6 per cent and reduce its armed forces by 500,000. The conclusion of agreements on the elimination of short- and medium-range missiles and on the reduction of armed forces and conventional weapons in Europe, the negotiations in progress on a strategic arms limitation treaty, and the withdrawal of Soviet forces from Eastern Europe were important contributions to the reduction of military expenditures.

23. The Soviet Union was proceeding with the conversion of military production under a programme covering nearly 430 enterprises and over 200 scientific research organizations and design departments in the defence complex. It provided for the reduction by more than one and a half times of the share of defence expenditures in the national income by 1995. The production by military installations of agricultural equipment, light industrial goods, trade and public catering equipment and medical apparatus would be doubled over a five-year period. Steps had been taken to develop international contacts in connection with the conversion programme. Clauses had been included in intergovernmental agreements with Germany, Italy and France and cooperation was being developed with a number of countries at the enterprise level.

24. All countries, including the developing countries, should implement the recommendations contained in the Declaration on disarmament. Some of the latter were spending large amounts on armaments that were sorely needed for their social and economic development. The organizations of the United Nations system should make a serious study of the problems of conversion. The subject was a new one which concerned all countries, and the United Nations and other organizations would be well placed to help countries in devising a sound methodology, and to promote exchanges of experience.

25. The Declaration stated that each country bore the primary responsibility for its own development but recognized the need for favourable external conditions, in particular the continued provision of financial resources on privileged terms and alleviation of the debt burden. Despite its economic difficulties, his country had provided economic assistance to the developing countries in 1990 valued at 8.9 billion roubles, and it was also taking debt relief measures. During 1986-1989 debt service relief valued at 14 billion roubles had been provided, and in 1990-1991 that policy had continued, chiefly in the form of rescheduling and the sale of some debts on secondary markets.

26. In the year since adoption of the Declaration progress had been made in its implementation by the organizations of the United Nations system, as was evident from the note by the Secretary-General (E/1991/96). UNCTAD, UNDP, UNEP, the regional commissions, ILO, WHO, UNDRO, GATT and IMF had been particularly active and had made significant contributions.

27. The Declaration also affirmed the international community's support for the reforms in Eastern Europe, and over the past year a number of United Nations bodies had provided technical, advisory and other assistance for the transformation in progress. He hoped the support would be continued throughout the transition to a market economy.

28. The strengthening of the role of the United Nations system and the establishment of structures for universal economic coordination must remain a central feature of the Council's work. His delegation believed that provision should be made for a regular review of the implementation of the Declaration by the Council and in the Second Committee of the General Assembly. A periodic review at the joint CPC/ACC meetings would contribute to coordination of the wide range of activities involving many United Nations bodies. It was extremely important that practical activities for the implementation of the Declaration should be in accord with the more general task of the true universalization of the economic activities of the United Nations, on which the restructuring of the social and economic sector should be based. His delegation wished to continue to play an active and constructive role in the implementation of the Declaration.

29. Mr. WANG Baoliu (China) said that although the year since the adoption of the Declaration by the General Assembly at its eighteenth special session had seen far-reaching developments in the world economy and in international economic relations the economic stagnation and downward trend in the developing countries had continued. The changes in East-West relations had many new and complex consequences for the developing countries and the question of how the commitments and policy measures contained in the Declaration were to be effectively implemented in the new situation remained a matter of common concern.

30. In his delegation's view, the Declaration was an important guide for international economic cooperation in the 1990s. Whatever changes there might be in the international situation, the international community and the developed countries in particular should give priority in international cooperation to the development of the developing countries. Every effort should be made to translate the commitments and policies contained in the Declaration into real action. The developed countries should discharge in earnest the responsibility they assumed in the Declaration for supporting the development efforts of the developing countries and should make a major effort to alleviate the developing countries' difficulties in the fields of debt, financial resources, commodity trade and poverty. The specialized agencies and other organizations of the United Nations system should continue to play a positive role in accordance with the Declaration.

31. Mr. MILINTACHINDA (Thailand) said that the great challenge of the 1990s was to find a long-term solution to the problems that had plagued the 1980s. With the end of the cold war, the world was at the dawn of a new era which would, it was hoped, be one of cooperation, producing positive yields for the people of all countries, developing and developed alike. All countries should join in a concerted effort to create a favourable international economic environment.

32. Thailand welcomed the economic reforms being undertaken in Central and Eastern Europe. All nations, great or small, should be governed by a single equitable multilateral trading system. It might be a long time before the changes were successful, however, and the mobilization of financial resources for new investment would be a crucial element in assisting the reforms. Nevertheless, the financial resources currently available must

continue to sustain economic growth and development in all the developing countries, in order to improve their position in international trade and finance.

33. Mr. CAMARA (Food and Agriculture Organization) said that the food and agriculture sector was critical to the achievement of the Declaration's objective of revitalizing the economic growth and development of the developing countries. FAO had participated actively in preparing for the eighteenth special session of the General Assembly, at which the Assembly adopted the Declaration, and in the elaboration of the International Development Strategy for the Fourth United Nations Development Decade.

34. The FAO Council had taken note at its ninety-ninth session of the arrangements in the United Nations system for follow-up activities in relation to both the Declaration and the new International Development Strategy. It considered that FAO activities for implementing the Strategy were an integral part of the steps to fulfil the commitments and policies agreed upon in the Declaration.

35. The FAO Long-term Strategy for the Food and Agriculture Sector, presented to the FAO Council for discussion in November 1990, had been a major FAO input for the eighteenth special session of the General Assembly and the new International Development Strategy. It focused on national and international policy actions to enable the food and agriculture sector to play its role in the process of economic growth, the eradication of poverty and hunger, the development of human resources and sustainable development.

36. In accordance with the FAO Long-term Strategy, FAO was preparing a medium-term plan for the period 1992-1997. The major themes included sustainable development and environmental protection, policy advice, including FAO's role in the collection and dissemination of information, women in development, human resources development and economic and technical cooperation among developing countries. It aimed to identify changes in perceptions and conditions affecting global food, agriculture and development over the medium term and the changes required by them in the thrust of FAO's programmes. It would constitute a useful planning tool that would help to assign priority to implementing the goals of the Declaration.

37. Many of FAO's ongoing programmes contributed directly to the ability of member countries to achieve the goals of the Declaration, as could be seen from the note by the Secretary-General (E/1991/96) in which the most relevant were described. The objective of the Declaration echoed many of the goals enshrined in the preamble of the FAO Constitution and FAO was, and would continue to be, committed to the realization of those goals. The Declaration provided a new impetus and focus for that commitment.

38. Mr. ELIASSON (Sweden), speaking on behalf of the five Nordic countries, said that, at a time when the problems of poverty, hunger, the population explosion and the degradation of the environment were more threatening than ever, they welcomed the opportunity to discuss the implementation of the Declaration adopted by the General Assembly at its eighteenth special session. The Nordic countries believed the Declaration signalled a greater willingness on the part of the world community to address global development issues in a spirit of cooperation and partnership. They were also encouraged by the pledge given by Member States on the implementation of the commitments and policies in the Declaration. It had already provided an important starting point for multilateral discussions, for example during the work leading to adoption of the Programme of Action for the Least Developed Countries for the 1990s[6] and the International Development Strategy for the Fourth United Nations Development Decade. It was encouraging also that the Declaration was reflected in the South Commission's findings. Member States should look to the Declaration for guidance when preparing for multilateral meetings such as the eighth session of the United Nations Conference on Trade and Development, the United Nations Conference on Environment and Development, and the General Assembly discussions on the final review and appraisal of the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.[7]

39. The recognition that each country was responsible for its own economic development policies and for the life and well-being of all its citizens was of fundamental importance, as was recognition of the international community's responsibility to give strong support to the developing countries' efforts by creating a favourable international economic environment. The developing countries should continue their efforts to control inflation, promote domestic savings, establish favourable conditions for domestic and foreign investment, modernize their economies and enhance their international competitiveness. The developed countries, for their part, must endeavour to reach the 0.7 per cent of GNP ODA target and to meet their commitments to increased assistance for the least developed countries. They must also make sufficient financial resources and environmentally sound technologies available to the developing countries and ensure that support for the Central and Eastern European countries did not divert resources from the developing countries.

40. The Nordic countries found the stagnant or declining ODA levels alarming. Major donors whose contributions remained clearly below the target level had a special responsibility to contribute to substantially increased ODA flows with a larger share of resources going to low-income countries.

41. Poverty reduction should be given the highest priority, as had been highlighted in the Stockholm Initiative of April 1991 which proposed that the international com-

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[6] *Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990* (A/CONF.147/18), part one.

[7] General Assembly resolution S-13/2, annex.

munity should set itself the goal of eradicating extreme poverty within the next 25 years. The Declaration had taken further steps towards recognizing the significance of human resources development, which was a prerequisite for economic development. The Nordic countries were convinced that lasting economic growth and development could best take place in societies characterized by democracy, active popular participation, secure human rights, including equal rights for men and women, and positive opportunities for the poor.

42. The debt problem continued to frustrate efforts towards long-term development in many developing countries. While comprehensive stabilization and adjustment measures were essential for any recovery, the international community also had an obligation to take steps to alleviate the burden of the most debt-ridden and poorest countries.

43. The Nordic countries were convinced that an open and credible multilateral trading system was essential for the promotion of growth and development. Protectionism should be resisted everywhere, and the Uruguay Round should be brought to an early and balanced conclusion. The Declaration rightly stated that the United Nations system had a key role to play in international cooperation to revitalize development in the 1990s. But the system itself needed to be strengthened in order to carry out the tasks facing it.

44. By their active participation in international development cooperation the Nordic countries were contributing substantially to the implementation of the commitments in the Declaration. Their overall objective was to raise the living standards of the poor, and to promote growth in resources, economic and social self-reliance, democratic development, environmental protection and far-seeing management of resources.

45. Mr. OZADOVSKY (Ukrainian Soviet Socialist Republic) said that the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries provided a useful appraisal of the past decade and set out the essential principles and policies for future international economic cooperation. The short period since its adoption by the General Assembly at its eighteenth special session had been marked by diminishing political tension, growing economic integration, far-reaching political and economic reforms in many countries and other positive trends in international relations, which provided a sounder basis for strengthening world economic ties and interdependence.

46. The Declaration rightly linked the world community's responsibility for supporting the developing countries' efforts to overcome their grave economic and social problems with the responsibility of each individual country for its own development and domestic economic policy—which in turn implied the need for international economic cooperation. His country endorsed the Declaration's chief aims of ensuring the developing countries' economic and social progress, the eradication of poverty and hunger, efforts to overcome the problem of external indebtedness and the achievement of satisfactory health, nutrition and housing. Those were the keys to human well-being and the development process.

47. At the same time, the Declaration formulated some important innovative principles on universal economic cooperation, in particular the need for the coordination of macroeconomic policies to take full account of the interests and concerns of all countries, the pursuit of open economic policies by all States, the creation of conditions to enable national economies to be integrated into the world economy and respond to world changes, and a reduction in military expenditures so that more resources could be allocated to development purposes.

48. The Declaration served as a basis for implementing the International Development Strategy for the Fourth United Nations Development Decade. As was evident from the note by the Secretary-General (E/1991/96), ILO, UNCTAD, UNEP and other bodies of the United Nations system had taken specific measures to implement the Declaration's provisions in the context of the new International Development Strategy. Such positive measures should focus first and foremost on applying the principles of world economic interdependence for the benefit of all countries.

49. His delegation supported the Declaration's provisions relating to environmental protection. As a country which had borne the brunt of one of civilization's worst catastrophes, the accident at the Chernobyl nuclear power plant, the Ukrainian SSR was especially attentive to issues involving international ecological cooperation. As an Eastern European State, it attached the highest significance to the Declaration's call for support for the Eastern European countries in their move towards integration into the international economy. Such support would strengthen Eastern Europe's role in world economic cooperation and as a partner of the developing countries.

50. The consensus approach, voiced in the Declaration, to relations with the Eastern European countries reflected the complex events currently taking place in his country, which, like other Eastern European States, was in a period of transition characterized by a major democratization of all spheres of life, the emergence of new parties and movements, the breakdown of former administrative structures, the building of a democratic State and a relatively swift transformation to a market-oriented economy. In that connection, the Declaration on State Sovereignty adopted by the Supreme Soviet of the Ukrainian SSR exactly one year earlier was significant chiefly in providing a conceptual basis for the Republic's current legislative system. In the context of the implementation of the Declaration on International Economic Cooperation, it was pertinent to note the efforts of the Ukrainian Parliament to establish firm standards for a major transformation of domestic economic structures to a market system and for measures to facilitate the national economy's adaptation to the dynamics of the world economy.

51. Only a few months previously the Ukrainian Supreme Soviet had adopted a package of legislative measures on the economy, such as that on the economic independence of the Republic and the idea of transforming the Ukrainian SSR into a market economy. Particularly noteworthy was the law on external economic activity, aimed at giving the Republic a more active part in world economic relations and the international division of labour, including such spheres as economic, scientific and technical cooperation, and ties in credit and other banking operations. In enunciating the principles of sovereignty and freedom in external economic activity, equality before the law and non-discrimination, the law guaranteed equality for all citizens and aliens in external economic relations. Together with other legislative measures, it provided favourable conditions for the development of equitable and mutually advantageous trading, scientific and technological cooperation with partners in other countries, and for the implementation of the provisions of the Declaration on International Economic Cooperation regarding the integration of the countries of Eastern Europe into the world economic system.

52. The new State administrative structure in his country would facilitate the response to the tasks arising from the Declaration on State Sovereignty and the laws adopted by the Ukrainian Supreme Soviet. A broader application of the principle of separation of legislative and executive power would foster the establishment of a state of law.

53. His delegation reiterated its support for the provisions of the Declaration on International Economic Cooperation concerning enhancement of the role and significance of the United Nations in international cooperation for economic growth and development in the 1990s.

54. Mr. HARARI (International Labour Organisation) said that the ILO's Governing Body had taken the view that the International Development Strategy for the Fourth United Nations Development Decade should serve as the means to achieve the objectives of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries. While governments clearly had the main role in providing the external environment and strengthened national policies called for in the Declaration, the United Nations system could help greatly to promote international cooperation for revitalizing the developing countries' economic growth and development in the 1990s. ILO was anxious to make a contribution through the promotion of general principles and the implementation of specific programmes.

55. One of the key messages of the Declaration, the statement that the ultimate objective of economic policies should be the betterment of the human condition, was enshrined in the Constitution of the ILO, which stressed the right of all human beings to pursue their material well-being and spiritual development in conditions of freedom, dignity, economic security and equal opportunity. The priority themes of ILO's programme for 1992-1993 were clearly relevant to implementation of the Declaration, having been selected with the fundamental aim of defending human rights and applying international labour standards. ILO's efforts would be directed to assisting governments, employers and workers in translating standards into realities. The themes selected, such as elimination of child labour, equal opportunities for men and women, employment promotion and structural adjustment, improved living and working conditions in the rural and informal sectors, and environmental protection, reflected that concern.

56. Those objectives would underlie ILO's work in other areas, such as assistance to member States in carrying out employment and development strategies, thus contributing to poverty eradication and equity in income distribution, a goal of the Declaration. Other ILO programmes were aimed at promoting human resources development and improving conditions of life. ILO would also help in the transition of the Eastern European countries to market-oriented economies and their integration into the world economy. Its objective would be to promote entrepreneurship and employment regeneration together with a minimum level of social protection for all.

57. ILO particularly welcomed the statement in the Declaration, that growth should be broadly based. ILO would give particular attention to the strengthening of participatory institutions such as trade unions, cooperatives and grass-roots associations in deliberations on national policies and programmes. The principle of tripartism was closely linked to that topic. Tripartite cooperation was increasingly recognized as highly important in ensuring that economic development did not take place at the expense of social peace or welfare. In its development-related activities, ILO would intensify its efforts to foster that principle. The ILO experience gained through 70 years of tripartite collaboration had shown that sustainable development had a better chance to succeed if governments, employers and workers took joint responsibility for it.

58. Mr. SEMICHI (Algeria) said that the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, gave hope for improved international cooperation in the 1990s, and could provide a sound basis for progress by the world community. It took account of the rapidly changing world, recognized the urgent need to revitalize the developing countries' economic growth and social development, and conferred a dynamic role on multilateral cooperation arrangements, particularly within the United Nations system.

59. The Uruguay Round, the Programme of Action for the Least Developed Countries for the 1990s, and the International Development Strategy for the Fourth United Nations Development Decade provided opportunities for giving effect to the policies and undertakings embodied in the Declaration. The final review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, the

eighth session of the United Nations Conference on Trade and Development and the United Nations Conference on Environment and Development should result in the consolidation of international cooperation and the reversal of the persistent negative economic and social trends in the developing countries. His delegation welcomed the readiness of the bodies and specialized agencies of the United Nations system, as reflected in the note by the Secretary-General (E/1991/96), to contribute to giving effect to the Declaration. All States should evince similar readiness.

60. Although a growing number of developing countries were adopting coherent policies with a view to mobilizing their human and material resources in accordance with the Declaration, the favourable international climate essential to the success of their efforts had yet to be established. Factors such as the external debt burden, high interest rates, inadequate ODA levels, worsening terms of trade and failure to honour undertakings to reduce protectionism were some of the main obstacles to the developing countries' economic revitalization and development. The urgent need for action by the world community in that regard had been considered at length during the Council's deliberations on agenda item 2.

61. He reiterated the need, at a time of growing world economic interdependence, to ensure that concerted, innovative measures for the integration into the world economy of the Central and Eastern European countries went hand in hand with a renewal of growth and development in the developing countries. A revitalized and restructured United Nations system could serve to promote firm political will to that end.

62. The PRESIDENT announced that the Council had concluded its general discussion of agenda item 4.

The meeting rose at 12.05 p.m.

27th meeting

Tuesday, 16 July 1991, at 3.25 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.27

Expression of sympathy in connection with the recent floods in China

1. The PRESIDENT wished to convey to the people and authorities of the People's Republic of China the deep sympathy of the Economic and Social Council in the wake of the serious floods which had recently occurred in a number of regions of that country. He was sure that the community of nations would, as was its wont, help to relieve the sufferings of the populations affected by that natural disaster.

2. Mr. WANG Baoliu (China) thanked the President on behalf of the Chinese delegation, which was deeply touched by the sympathy expressed by the international community.

AGENDA ITEM 3

Revitalization of the Economic and Social Council

3. The PRESIDENT recalled that, by its resolution 1990/69 of 27 July 1990, the Council had decided to review the implementation of the measures agreed upon for the revitalization of the Council. In paragraph 3, it had invited the President of the Council to undertake informal consultations, open to the participation of all States Members of the United Nations, and to submit an interim report thereon to the Council at its second regular session of 1991. Pursuant to the terms of that paragraph, therefore, he was reporting to the Council.

4. During the first part of the organizational session of 1991 of the Council, on the initiative of the President and in the light of the General Assembly's discussions at its forty-fifth session, the Bureau had carried out an exchange of views on the appropriate ways in which the President could fulfil the mandate that had been entrusted to him. It was considered that the informal consultations referred to in paragraph 3 of Council resolution 1990/69 should be able to take advantage of the results of the work of the General Assembly on the restructuring and revitalization of the United Nations in the economic and social field at its resumed forty-fifth session. It had therefore been agreed that those consultations should be held separately from the work of the first regular session of the Council; they had thus taken place on 16 May 1991, after the conclusion of the work of the General Assembly at its resumed forty-fifth session.

5. On 13 May 1991, the General Assembly had adopted a text contained in the annex to its resolution 45/264, which marked a noteworthy and decisive stage in the process of restructuring and revitalizing not only the Economic and Social Council but also the entire United Nations in the economic, social and related fields. Part III of the annex to resolution 45/264, in particular, would un-

doubtedly produce a new type of organization of the Council's work, since, pursuant to its provisions, the Economic and Social Council would be required to implement the following procedures as from February 1992: (*a*) an organizational session not to exceed four days to be held in early February; (*b*) a resumed organizational session of one or two days to be held at the end of April; (*c*) one substantive session of four to five weeks to take place in alternate years in New York and Geneva between May and July along the following lines: (i) a high-level segment of four days, open to all Member States, with ministerial participation, devoted to the consideration of one or more major economic and/or social policy themes to be determined at the organizational session, taking into account the Economic and Social Council multi-year work programme; (ii) a one-day policy dialogue and discussion on important developments in the world economy and international economic cooperation; and (iii) the main features of the deliberations of the high-level segment would be presented to the Economic and Social Council by its President in the form of a summary, which would be incorporated in its final report; (*d*) a coordination segment of four to five days devoted to the coordination of the policies and activities of the specialized agencies, organs, organizations and bodies of the United Nations system; (*e*) an operational activities segment of two to three days devoted to the operational activities of the United Nations system; and (*f*) a committee segment for consideration of specific economic, social and related issues, including their programme implications, in two separate committees meeting simultaneously.

6. He recalled that, given the bold and innovative nature of the measures adopted, he had stressed from the start of the informal consultations on 16 May that the effective implementation of General Assembly resolution 45/264 would have an impact on the organization and working methods of the Council and its subsidiary bodies and would certainly lead to a revision of the Council's rules of procedure and a reworking of its calendar and the structure of its work. He had also pointed out that consideration of the item concerning the revitalization of the Council contained in its resolution 1990/69 might constitute the logical follow-up to the results of the work of the General Assembly at its resumed forty-fifth session and that the second regular session of 1991 of the Council should constitute an appropriate framework for considering practical ways and means of effectively implementing Assembly resolution 45/264.

7. All the delegations which had taken the floor during the informal consultations, including the spokesmen of the regional groups, had shared that opinion and had taken the view that the second regular session of the Council should provide an opportunity for considering and adopting appropriate measures to ensure a harmonious transition towards the new type of organization of work envisaged in resolution 45/264. Some delegations had concluded that earlier Council resolutions on the issue had become outmoded, in view of the measures adopted by the Assembly. However, they had admitted that those resolutions, particularly Council resolutions 1988/77 of 29 July 1988, 1989/114 of 28 July 1989 and 1990/69 should continue to be implemented where appropriate. One delegation had suggested that a start should be made at the Council's second regular session on the process of restructuring its subsidiary bodies. That suggestion had not been accepted by the other delegations, on the grounds that the timetable of reforms contained in Assembly resolution 45/264 should be respected, i.e., that the restructuring of the subsidiary bodies should take place by the Assembly at its forty-sixth session, and very probably at its resumed forty-sixth session.

8. He said that he was sure that the Council would take all the necessary steps at its current session to ensure that the new model for the organization of work envisaged by the General Assembly would be ready for initiation at the start of 1992.

9. Mr. BLANCA (Director-General for Development and International Economic Cooperation) said that the Council's many resolutions aimed at improving the manner in which it performed its mission, particularly its resolutions 1988/77 and 1989/114, had already left their mark on the discussions at the current session. The Special High-level Meeting and the informal discussions, with the help of experts, had also infused the Economic and Social Council with a new vigour. The Council's capacity for exerting a real influence on international discussions and the desire of Member States to use it efficiently were two mutually-enhancing elements, in a relationship which was crucial for the future role of the Council, and indeed of the entire Organization, in the economic, social, humanitarian and related fields.

10. The efforts made to date to revitalize the Council had not centred on those issues. The General Assembly had restricted itself to questions of management in its resolution 45/264, and the Council needed to agree on organizational arrangements so that the changes envisaged would have a positive effect on its own functioning. The need for high-level participation and more concentration of topics in the Council's discussions had, however, been accepted. With the establishment of a specific programme of work and calendar, Assembly resolution 45/264 was a first step in the right direction in that it could create the necessary impetus to progress on the other issues which remained to be considered. However, Council resolutions 1988/77 and 1989/114 would have to be taken into account if it was to be followed up.

11. There was still much to be done, both by the Secretariat and by the Member States if significant progress was to be made in rationalizing the subsidiary machinery of the Economic and Social Council and the General Assembly, on strengthening the links between the respective activities and responsibilities of the two bodies, on the composition of the Council or on reviewing the structure of the Secretariat. Given the immense work of analysis already carried out and the fairly broad agreement on the need for the Organization to play a more dynamic and efficient role in economic and social matters,

it had to be admitted that the approach adopted to date had been somewhat limited and its results had, in consequence been somewhat meagre. In recent years, important political changes had taken place in the world, and the framework of inter-State relations had been irreversibly altered. A greater common awareness of problems in the political sphere went hand in hand with increasing frustration *vis-à-vis* the lack of progress in economic and social matters, although a growing convergence was observable at the conceptual level on a large number of economic issues such as the philosophy of development. The United Nations needed to encourage that movement by continuing to provide a platform for debate and discussion.

12. Where the future role of the United Nations was concerned, a much greater convergence of views was perceptible and it was increasingly recognized that a number of major economic issues—poverty, human development, sustainable development which took account of the environment, etc.—required additional contributions of funds and a transfer of technology; however, the real issue at stake was how that convergence of views could materialize as practical or operational arrangements within the existing structures, which had been inherited from outmoded philosophies and tended to be self-perpetuating. The revitalization of the Council had to be reinserted in the broader context defined by the issue of how the international community intended to handle those critical questions, and many others besides, which were being posed on the global scale.

13. The United Nations needed the broad agreement and renewed commitment of its Member States if it was to carry out fully its responsibilities, whose crucial importance for the development and social progress of mankind was increasingly recognized. It was, in fact, the only forum where all countries came together, with all their different problems, and where there could be interaction among them. The Member States, which would be the beneficiaries of the Organization's reinforced capacities and efficiency, had their own special responsibility towards it and must support it both politically and financially. The resources made available to the United Nations—frequently late and often unwillingly—were completely inadequate, and that undermined staff morale, impeded the implementation of the Organization's work and led to crises in the common system. The "territorial combats" and institutional concerns which blocked the progress of reforms, within the subsidiary bodies, were also explained by the insecurity arising from the persistent financial crisis. As for the Secretariat, the Secretary-General was determined to bring about changes which would strengthen the support for the work of the intergovernmental machinery, including the efficient and rapid execution of the decisions relating to the functioning of the Council. The task of effectively tackling the persistent problems and challenges of the future still remained.

14. Mr. POST (Netherlands), speaking on behalf of the European Community and its member States, said that the adoption by the General Assembly of resolution 45/264 meant that the discussion on the implementation of Council resolutions 1988/77 and 1989/114 was henceforth incorporated in the broader debate on the restructuring and revitalization of the economic and social sectors of the United Nations. The two Council resolutions remained useful, however, because of the important qualitative improvements they had introduced into the methods of work of the Council. The debates in the Council over the past three years had also served to inspire a dialogue which had contributed greatly to the common understanding of the problems which the United Nations was facing in dealing with economic, social and related issues.

15. The resumed forty-fifth session of the General Assembly had resulted in a major move forward from common understanding to action and towards the gradual development of a renewed identity and role of the United Nations in the social and economic fields. Three things had already become very clear: the common determination to pursue the restructuring; the need for the United Nations to focus its work more effectively and to avoid redundant and sterile debates; and the importance of high-quality input, both from the Secretariat and through improved expert advice, in the deliberations at the intergovernmental level, particularly in the Council and the Assembly.

16. General Assembly resolution 45/264 bore a great potential. It consolidated the substantive sessions of the Council and provided for an approach focused on specific themes, more politically relevant discussions as a result of the introduction of a high-level segment and a more managerial and action-oriented manner of dealing with the reports of the subsidiary organs. The success of those measures would depend on the way they were implemented. It was the responsibility of the Member States to choose relevant themes, to prepare thoroughly for the debates—on the basis of outstanding and timely documentation in all official languages—and to take appropriate action on the recommendations or policy options put to them. The EC urged the Secretariat to implement fully Assembly resolution 45/264 and stood ready for further discussion of the implementation modalities in informal consultations.

17. The discussion of the work programme for the current session had shown again that the agenda of the Council, and also that of the General Assembly in the economic and social fields, needed to be reordered. Consideration should be given to the possibility of moving away from the item-by-item approach to the main development issues and opting for a system that allowed for a more thematic, cross-sectoral treatment of those issues. The EC proposed that the Secretariat undertake a study on that issue and present recommendations and possible solutions to the Assembly at its forty-seventh session.

18. An equally important subject was the restructuring of the subsidiary organs of the Council and the General Assembly, which the latter was to consider at its forty-sixth session. A preliminary exchange of views during the Council's current session would increase the chance

that another important step could be taken in the restructuring exercise. Before a start was made, however, it was necessary to be clear about the objective. The issues currently discussed by the subsidiary organs were important ones and the objective of the restructuring, as the EC saw it, was to pay a more qualitative and focused attention to some of those issues. In order to do so, high-quality expert advice and relevant policy recommendations and options were needed so that the Council and the Assembly could better understand the problem, develop common policies and agree on appropriate action. It should also be recognized that many of the subsidiary bodies were functioning reasonably well and that there was probably no need therefore to enter into a comprehensive review process of all of them.

19. Since there was a broad variety of subsidiary organs, it would be impossible to develop general criteria for reform that would fit them all. The EC also believed that each practical reform step should take place only after a careful analysis of the way in which the issues were being dealt with in the United Nations system and after a serious study of the options and modalities for improving its functioning in those areas. The restructuring should focus on those issues that needed to be addressed more effectively in the United Nations, and on bodies that were widely seen as not fulfilling the tasks for which they had been established. Particular mention might be made of natural resources, new and renewable sources of energy, science and technology for development and technical cooperation between developing countries, but the list was open for discussion. It was to be hoped that ways and means of improving the situation could be found.

20. Without claiming to have the perfect solution at that stage, the EC thought two possible options were the examination of the mandates of the subsidiary organs and the possibility of converting some of the bodies concerned into groups of experts. Mandates would have to be compared, streamlined and, where appropriate, updated in order to reflect current priorities. The Secretariat could help in that respect by preparing a document in which the various mandates were listed issue by issue. With regard to the possibility of converting some of the bodies into groups of experts, it was necessary in every case to look at questions such as: the sort of advice that the Council and the General Assembly needed and the consequences thereof for the mix of experts who would participate in the work of those bodies; whether the mandates, which sometimes covered a wide range of issues, could be entrusted to a single expert body; the persons who would set the agenda for the expert bodies; the persons who would nominate the experts themselves; the size of those expert bodies; the way in which full and effective participation in expert bodies could be guaranteed; and the intervals at which the expert bodies would meet and those at which the Council and/or the Assembly would discuss their recommendations. The EC hoped that all those questions would give rise to an intensive dialogue at the current session and during the forty-sixth session of the General Assembly. It would take part in those discussions with an open mind, with due regard for the interests of the international community as a whole and, in particular, the concerns of the developing countries. The EC trusted that the Secretariat, including the secretariats of the bodies concerned, would assist the Member States in their attempts to improve the way part of the United Nations subsidiary structure was functioning.

21. Mr. KUFUOR (Observer for Ghana), speaking on behalf of the Group of 77, said that it was on the initiative of that Group that Economic and Social Council resolutions 1988/77 and 1989/114 and General Assembly resolution 45/264 had been adopted.

22. It might be asked why the Group of 77 was so preoccupied with the efficient organization and functioning of the United Nations in the economic and social fields. The answer was to be found in the many reports, studies and surveys which every year painted a sombre picture of the deepening impoverishment of the developing countries. It could also be found in the fact that, in spite of the expenditure of billions of dollars by the United Nations system, the developing countries still did not have the capacity to manage their own development. The system could not be blamed too much because, in the last analysis, it was what its Member States, particularly the industrialized countries, wanted it to be. In other words, it mirrored the values and the policies of the dominant actors. The Group of 77 had thus taken several initiatives to improve the functioning of the system so as to make the delivery of technical assistance and sectoral programmes more responsive to the needs of the developing countries.

23. The question was the direction and form that the system should take in the economic and social fields. There was no shortage of ideas on the subject, but a common approach had to be forged if the international community was to be able to agree on anything. The consensus adoption of resolution 45/264 was a modest beginning. Ministerial participation, policy dialogue with the international financial and trade institutions and focused coordination should create the necessary conditions for a more effective Economic and Social Council. Much would depend, however, on the political will of the Member States and their willingness to give the Council the necessary support.

24. The process of restructuring the United Nations in the economic and social fields had been launched. At the forty-sixth session of the General Assembly the process would be taken a step further with attempts to restructure the subsidiary machinery of the Council and the Assembly. That would, perhaps, be the most difficult phase of the process. But the overriding concern should be to create a system that would be truly responsive to the growing needs of the developing countries.

25. Mr. MARKS (United States of America) said that his Government welcomed the agreement on the reform of the Council reached by the General Assembly at its resumed forty-fifth session since it would enable greater efficiency and coherence to be fostered among United

Nations activities. The merger of the first and second regular sessions of the Council into a single session was also a good initiative, as a result of which there should be significant budgetary savings. However, it should not be forgotten that the revitalization of the Council was an old dream and veterans among delegates maintained a certain scepticism about the process; it had been talked about for many years but little had been achieved.

26. The real issue was to ensure complementarity between the work of the Council and that of the General Assembly, without duplication. While the Assembly was the principal organ of the United Nations, the Council should find a way to perform its task as a principal organ of the United Nations in the economic, social and related fields. The Council needed to become more effective by enhancing both the substance and the follow-through of the Assembly.

27. As far as the composition of the Council was concerned, if it were to be recreated as an effective element in the United Nations system, it would be necessary to take a careful look at all the relevant factors and avoid moving in a direction that could further contribute to the Council's ineffectuality. Duplicating the membership conditions of the General Assembly would not necessarily lead to the desired result.

28. The question of the subsidiary machinery in the economic, social and related fields was the core element in the reform programme outlined in General Assembly resolution 45/264. The decisions to be taken were very delicate ones, as the subsidiary bodies reflected the interests, expressed over time, of the Member States. His delegation had hoped to use the current session of the Council for discussion on the subject and regretted that many of the delegations preferred to leave the matter to the General Assembly at its forty-sixth session. The Assembly was not the appropriate place to propose specific actions with respect to the reform of the subsidiary machinery system. In any event, efforts needed to be made without delay to deal with those bodies which no longer served a useful purpose, whose mandate was outdated or whose functions should be revised to meet changing international conditions.

29. Resolution 45/264 also dealt with the reform of the Secretariat. On the one hand, the Secretary-General was asked to review the structure of the Secretariat on the basis of the agreements to be reached in the ongoing revitalization and restructuring process and to report back to the Assembly at its forty-seventh session with recommendations. The revitalization and restructuring of the Secretariat would involve changes of such an extensive character and with such significant financial implications that only the Assembly could authorize their implementation.

30. On the other hand, the Secretary-General was enjoined to review the Secretariat structure, identify necessary and appropriate changes, implement them on his existing authority and report on such changes to the General Assembly at its forty-sixth session. Reforms in the Secretariat should, of course, take place in the context of improved coordination within the United Nations system.

31. With regard to the question of reports and reviews, he believed that the Council had made some progress in that regard but that it would need continually to review its efforts and the resulting effects.

32. Despite the best of intentions and will, there had been little dialogue. The session had turned to the traditional format of set interventions for the record. However, it was the Council's first formal attempt at innovation in procedures and, as the President had noted, it was an experiment. His delegation would persevere and look forward to greater success in fostering genuine dialogue the following year.

33. Mrs. FREUDENSCHUSS-REICHL (Austria) said that General Assembly resolution 45/264 constituted an important step forward in the endeavour to strengthen the role of the United Nations in the economic, social and related fields. It went without saying that more needed to be done, but that resolution had provided a programme of work which would give some guidance to the reform measures until the forty-eighth session of the Assembly.

34. A first reform element had seen the light of day with the holding of the Special High-level Meeting. The participation of a large number of delegations and specialized agencies in the debate had shown the interest generated by that new form. The informal exchanges of views had also been very instructive. The question-and-answer period with the Managing Director of IMF had been particularly stimulating and the exchange of views with the heads of specialized agencies at the end of the general debate had been thought-provoking.

35. She thought that the Council might be well-advised to pay closer attention to the format of its debates. If the quality of communication among delegates and between the United Nations Secretariat, the specialized agencies and the delegates could be further enhanced, a major step forward would have been made in the labour of rendering the Council more effective as an instrument of multilateral cooperation. To that end, participants could try harder to respect the time-limits that had been previously agreed upon for interventions. It would also be advisable to avoid digressions and general *tours d'horizon*. It might perhaps also make sense to circulate particularly long statements in advance, such as the reports of the executive secretaries of the regional commissions, and then limit the oral presentations to short comments or suggestions. Lastly, the readability of documents would be increased if they were prefaced by an executive summary and if their conclusions and recommendations were presented concisely.

36. Mr. BUNNAG (Thailand) said he welcomed the adoption by the General Assembly of resolution 45/264, which concerned the restructuring and revitalization of the United Nations in the economic, social and related fields. Some deficiencies of the Economic and Social Council's functioning had been revealed and changes were needed. He hoped that the measures agreed upon in

resolution 45/264 could turn the Council into a vital centre for the promotion of economic growth and social advancement of all peoples, particularly those most in need.

37. Further steps in the process of restructuring and revitalization would be addressed at future sessions of the General Assembly. Thus, at its forty-sixth session, it would review the subsidiary machinery in the economic, social and related fields and, at its forty-seventh session, it would review the complementarity between the work of the Council and its own work. In his opinion, those reviews were necessary. The role of the Council's subsidiary bodies must be reviewed in the light of the development of the developing countries and their machinery reorganized in accordance with the current world situation. The duplication between the work of the Council and that of the Assembly should be eliminated.

38. At the resumed forty-seventh session of the General Assembly, the composition of the Council would be reviewed with due regard to equitable geographical representation and other relevant factors. That was a matter in which all Member States had the keenest interest. The existing geographical representation within the Council was unfair and the situation must be remedied. The decisions of such an important Council must represent the voices of all concerned.

39. Lastly, he noted that the distribution of documents had for some years been increasingly tardy and impeded the work of the committees. He urged that documents should be delivered to the delegations on time.

40. Mr. MOLLER (Observer for Denmark), speaking on behalf of the Nordic countries, said that since the foundation of the United Nations those countries had consistently been among its strongest supporters. An indication of that support was the size of their development assistance.

41. It should come as no surprise, therefore, that the Nordic countries were also among the strongest supporters of a reform of the United Nations system in the economic and social fields. Successive studies, by those countries in particular, had revealed problems in the functioning of the system, especially its operational activities. The Nordic countries had therefore welcomed the proposal of the Group of 77 at the forty-fifth session of the General Assembly for a resumed session in April 1991 to carry out an in-depth consideration of proposals for the restructuring and revitalization of the United Nations in the economic and social fields. They had also welcomed the adoption by consensus of resolution 45/264 at that session. The adoption of that resolution had set in motion a promising reform process. However, for the reform of the Council to be truly effective, it must be paralleled by the reform of the subsidiary bodies and of the Assembly in the economic and social fields. That point was particularly important in view of the fact that the major weaknesses in the work of the United Nations in those fields lay in the less than perfect division of labour between the Council, the Assembly and the subsidiary machinery.

42. In the view of the Nordic countries, the overall objective of reform should be to assist the United Nations in solving, as a matter of priority, the serious economic and social problems facing the world, especially the developing countries. The Nordic countries would like, in that connection, to emphasize the vital role of the Organization in human-resources development, including education and health, and in poverty alleviation, natural disaster reduction and population and energy problems.

43. The conclusions drawn from the resumed forty-fifth session of the General Assembly showed that exchanges of views and informal contacts needed to be organized in advance of the more formal discussions, if the latter were to succeed. It was his hope that the review by the Assembly at its forty-sixth session of the subsidiary bodies would be prepared in an informal process in advance of the session. The Nordic countries stood ready to participate actively in such a process.

44. The thoughts and ideas contained in the discussion paper submitted by the Nordic countries prior to the resumed forty-fifth session of the General Assembly could serve as a point of departure for an informal preparatory process. The main concern of those countries in relation to the subsidiary bodies had been—and still was—that some important questions were being dealt with in a way that was less than satisfactory. That was so in the case of questions such as new and renewable sources of energy, natural resources, technical cooperation among developing countries and science and technology. It was first necessary to identify the problems in those areas and then find ways of ensuring a more proper and expedient treatment of the questions.

45. The actual implementation of the reform of the Economic and Social Council, pursuant to General Assembly resolution 45/264, was another question which would have to be dealt with in an informal manner in the near future. Agreement had been reached on a reform aimed at streamlining and making more expedient the Council's proceedings. In order to achieve that aim, changes would perhaps be necessary in agendas, decision-making procedures, etc. He hoped that the Secretariat was already considering those questions and that it would present the results of its deliberations, together with policy options, at an early date.

46. Mr. KOIKE (Japan) said he endorsed many of the remarks made in their initial statements by the President and the Director-General for Development and International Economic Cooperation. Since a broad theoretical agreement seemed to have been reached, it was henceforth incumbent on the Council to organize its implementation.

47. His delegation generally approved of the measures envisaged by the General Assembly in its resolution 45/264 for the restructuring and revitalization of the Council. In particular the consolidation into one substantive session of the two annual regular sessions should enhance the Council's ability to address more effectively issues which had become increasingly interrelated in terms of their social and economic implications. The

high-level segment at the beginning of each session would enable the Council to formulate common understanding of the issues of mutual concern and thus guide the policy-making process of the Member States. To make that segment more effective, the nature of the discussion should be more informal, and statements must go beyond the simple delivery of prepared texts; he agreed with the delegation of Austria on that point. A mechanism must be found to structure the discussion better. The Special High-level Meeting organized at the beginning of the current session augured well for the new form of organization.

48. The Council would also be called on to devote attention to the issues of coordination, which were part of its mandate, and the new arrangement should also strengthen that aspect of its functions. ACC and CPC would contribute to making the Council's work fruitful. As a result of the abolition of the current Third (Programme and Coordination) Committee, programme matters would be considered in connection with substantive items. His delegation believed that the Council should concentrate its work on substantive issues and avoid duplicating the work of CPC.

49. The decisions of the General Assembly were only a first step and the subsequent stages needed to be tackled. Those stages consisted of the review of the functions of the subsidiary organs of the Council and the Assembly and the review of relations between the Assembly and the Council. The working methods of the Council also needed to be rationalized.

50. With regard to the latter point, the schedule of the sessions, which was too tight, with an overloaded agenda and too much documentation, needed to be lightened. Progress could be made by clustering items for joint consideration but rationalization would have to go much further, particularly at the organizational session in 1992.

51. The review of the subsidiary organs must be conducted in a serious and effective manner by the General Assembly at its forty-sixth session. There was a broad consensus on the nature of the problems: rationalization required conversion to groups of experts, abolition and merging. But some decisions of that kind would be difficult to make and would require strong political commitment at the governmental level.

52. It would also be necessary to review the function of UNCTAD, a process which should start at the eighth session of the United Nations Conference on Trade and Development. The review of the relations between the General Assembly itself and the Economic and Social Council was planned for the forty-seventh session of the Assembly, with the objective of correcting current overlapping and achieving proper complementarity.

53. The reform of the Secretariat was a vital part of the process of restructuring and revitalization, and would result both from decisions concerning reform taken at the intergovernmental level and from changes for which the initiative would be taken by the Secretary-General.

54. His delegation also attached great importance to the issues of the venue of the Council's meetings and the need to review its composition; in due course those issues would have to be addressed seriously. It had noted with interest that the Nordic countries had contributed their views on the restructuring and revitalization of the United Nations in the economic and social fields in a work entitled *The United Nations in Development*. His Government would study it carefully.

55. Mr. ELARABY (Observer for Egypt) said that the question of the restructuring and revitalization of the Economic and Social Council was of such importance that as much time as was necessary should be devoted to it. Restructuring must necessarily conform to a number of guiding principles. The first of them was that the restructuring operation was designed to promote international economic cooperation, to support development and to revitalize the Council's role as coordinator of the activities of the subsidiary bodies. The second principle was that decision-making must be democratized. The third principle concerned the composition of the Council, which should be expanded in keeping with the rule of equitable geographical distribution, with due regard for the current underrepresentation of the African continent. The fourth principle was that restructuring and revitalization were comprehensive operations and would therefore also involve the restructuring of the Secretariat. The last principle was that the operation in question was to be permanent in nature; care must therefore be taken not to reach decisions hastily and the guidelines which would be established by the forthcoming major socio-economic meetings, such as the United Nations Conference on Environment and Development, the eighth session of the United Nations Conference on Trade and Development and the Uruguay Round of multilateral trade negotiations must be taken into account.

56. The Council was also required to consider how the subsidiary organs might be restructured but should not forget that the General Assembly, too, had a say in the matter. His Government considered that the intergovernmental subsidiary bodies with sectoral authority should be left untouched. Generally speaking, it had reservations concerning any measure which would reduce the role of those bodies, since it thought that any such measure would be prejudicial to the implementation of development programmes. On the contrary, the intergovernmental nature of such bodies should be reaffirmed and it should be recalled that it was the responsibility of the various member Governments to be represented on them by the appropriate experts.

57. Some of the ideas put forward by the Nordic countries for the restructuring and revitalization of the United Nations system in the economic and social fields should be pursued, provided that they were designed to encourage development in the developing countries. As a matter of principle, countries receiving development aid should be encouraged to participate in the process of taking the decisions which concerned them.

58. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic) said that, in considering the issue of its restructuring and revitalization, the Council had before it, unlike the situation at earlier sessions, a specific text in the form of General Assembly resolution 45/264, a text that had been drafted with great care and following lengthy negotiations which bore witness to the interest aroused by the idea of strengthening the United Nations at the conclusion of an era of confrontations. The success of the restructuring operation envisaged would, of course, depend on the political will of the Member States. The Secretary-General, for his part, should assist in the operation, the implementation of which required an efficient deployment of the Organization's material and human resources.

59. Some of the measures provided for in resolution 45/264 should enhance the quality of the Council's work, particularly the high-level segment with which its substantive session was to open. The Special High-level Meeting which had launched the new system at the start of the current session had led to a particularly frank and therefore valuable dialogue on the development of East-West relations. However, it would be necessary to ensure that the Secretariat could facilitate the high-level debate and the search for areas of convergence by preparing an exhaustive basic document on whatever subject, had already been selected.

60. In addition to the Special High-level Meeting, the members of the Council had had the opportunity at the current session to take part informally in many exchanges of views, particularly with the executive secretaries of the regional commissions; those informal exchanges were an excellent means of revitalizing the Council. In the future, still more time should be devoted to exchanges between delegations.

61. With regard to the composition of the Council and its subsidiary bodies, he was not sure that an expansion was justified since, for practical reasons, places all too often remained empty. The purpose of the restructuring should be to encourage the active participation of Member States in the work of the Council and its subsidiary bodies, on the understanding that the work in question should not be restricted to the adoption of resolutions.

62. Mr. VILLEGAS (Mexico) said that the question of the revitalization of the Council was undoubtedly one of the most important items on its agenda for the current session. Inertia and routine had overcome the Council which, after sterile discussions, had reached the point of adopting year after year decisions which were increasingly divorced from reality.

63. As a result of the concern felt by many countries, both developing and developed, and of the evolution of the international situation, a start had been made on what had come to be indispensable reform. The Special High-level Meeting, which had opened the current session on the topical question of the development of East-West relations, was an important factor of renewal. The General Assembly itself, at its resumed forty-fifth session in May 1991, had approved a series of measures designed to change radically the Council's structure and procedures. Once again it was only a first step, but it indicated a political will to overcome the obstacles and to give the United Nations the means to respond to the major challenges of the times.

64. His Government approved the measures adopted by the General Assembly, particularly the merging of the two annual regular sessions into a single substantive session—which would enable economic and social issues to be dealt with together, as was appropriate—the institutionalization of the high-level debate which had opened the session and the dialogue with the heads of the specialized agencies, such as IMF and the World Bank.

65. The next step was to review the activities of the Council's subsidiary bodies. That was a delicate and complex phase of the reform, which required prudent but definite progress. It would be a question of balancing the concern for budgetary savings against the genuine utility of those bodies in the light of the requirements of the contemporary situation and the interests of the Member States. His delegation intended to play an active part in that aspect of the Council's restructuring.

66. Mr. RASAPUTRAM (Observer for Sri Lanka) said he noted with satisfaction that the Council had been able to put together a package of measures that would ultimately give it strength in carrying out its many-faceted functions. That was all the more important as the United Nations was required to play a dominant and catalytic role in all aspects of human life and development. His delegation welcomed the interim arrangements on revitalization and believed that they would lead to tangible results.

67. Since the Council had only the function of an intermediary and was restricted to initiating studies and making recommendations, it could not influence its members in the same way as did the World Bank and IMF. Member States preferred to approach the specialized agencies and, when there was an outstanding issue that could not be tackled by them, they would normally prefer to have another institution established for that purpose, since the Council was not seen to be engaged in any exercise that would produce concrete results.

68. It could not be denied that, in various areas, progress had been slow. The agenda of the Council's sessions remained heavy. Every specialized agency wished to report on its work in detail, although it was not possible to study those reports other than superficially. In addition, the Member States would like to see thematic issues discussed fully; there was a wide range of subjects that would be of interest to the international community and selection posed a problem. There was, however, some room for rationalization. It should be possible to narrow down the major subjects and confine them to the study of certain specific issues each year. Each major subject could thus be kept on the agenda for two consecutive years; thereafter it would have to give way to another subject.

69. A large number of resolutions were adopted each year but in many cases no action was taken on them. An agenda item should be allocated to the discussion of past resolutions and the problems of their implementation. Since most such resolutions affected groups, the group coordinators could study the progress made and report the views of their group so that further improvements could be made and greater acceptability reached.

70. Similarly, resolutions served both to create an awareness of the existence of problems and to seek ways and means of finding cooperative solutions to them. When the same resolution was repeated year after year, however, it was likely to lose its force unless action had been taken to achieve its aims. The inability to initiate action might arise from lack of resources, lack of consensus, or both; the question required clarification. The Council could produce every year a commentary on the resolutions it had adopted. To that end, it might have to organize a system of consultations in the intersessional period among the group coordinators, under a chairman selected for a period on a rotational basis to discuss the implementation of the resolutions. That procedure would undoubtedly discourage repetitions.

71. A variety of economic issues were discussed not only by the Council but also by a number of United Nations bodies; that very often led to a duplication of work and placed heavy burdens on the resources of all the Member States, but particularly the developing countries. The latter had difficulty in participating in the work of all those bodies with the result that sometimes no representatives were sent at all or else the level of representation was low. It would be pertinent to look at the question of revitalization not only with the objective of raising the quality of the debate but also with that of achieving success in negotiations that affected global economic development.

72. The Council's deliberation must provide the guidelines for the adoption of measures to strengthen the social and economic security of all nations, the ultimate objective being to promote world peace and security.

73. Finally, economic issues were currently so vital that the possibility might perhaps be considered of discussing them in continuous session. Social issues which affected human rights were discussed at length by the appropriate organs. Economic issues, however, were discussed in their broader perspective and, since there was no mandate to negotiate on any economic policy issues, the debate took its course without aim or purpose. While the Council's sessions created an awareness among all Member States of emerging problems, no attempt was made to bridge the gap between awareness and action. For that purpose, it might be necessary to have a group within the Council with a negotiating mandate along the lines of a body like the United Nations Conference on Disarmament, the membership of which could be confined to not more than 50 members with a sound geographical representation, which would hold continuous sessions so that those issues within reach of agreement could be discussed fully. Any decision taken in such a forum would have greater acceptance and legitimacy than a resolution that had been passed by a majority vote.

74. Mr. LAVROV (Union of Soviet Socialist Republics) said he thought that the implementation of the measures agreed upon at the resumed forty-fifth session of the General Assembly would considerably increase the authority of the United Nations in the economic and social field and would determine its appropriate new role in the multilateral economic dialogue. He welcomed the fact that, unlike all previous transformations in that area, the agreed reform proposed not to expand intergovernmental and Secretariat structures but to streamline them. It was to be hoped that the progressive implementation of those changes would form part of a wider process of reform of the United Nations and its specialized agencies.

75. His delegation regarded General Assembly resolution 45/264 as a first stage which should be followed by other measures to improve the system's economic and social activities. The negotiations on the subject which were to take place during the forty-sixth session of the Assembly should lead to a broad agreement on streamlining the structure of the subsidiary bodies of the Assembly and of the Council, their transformation into expert bodies and the enhancement of their powers. The study which was also to be made of the activities of the Assembly and the Council should take into account the very diversified structure of the United Nations. It would thus be necessary to work out recommendations calculated to contribute to the complementarity and efficiency of the activities of the entire United Nations system.

76. As far as the composition of the Council was concerned, his delegation agreed that it should not be changed. In recent times, too much importance had been attached to the issue of modifying the composition of the various bodies which had not improved their efficiency.

77. The form of the Special High-level Meeting organized at the current session had been very close to that agreed upon in resolution 45/264. The organizational details of the segment of the session devoted to that type of high-level meeting needed to be examined under the guidance of the Bureau of the Council so as to cut down the expenses incurred in 1991. It would also be necessary to envisage rationalizing the structure of the debate and directing it more towards specific objectives. The issues for discussion should be topical ones and the time elapsing between the selection of an issue and its discussion should therefore not be too long. The selection should be made at the organizational session which preceded the substantive session.

78. His delegation intended to take an active part in the reform process provided for in resolution 45/264, but considered that other proposals should also be taken into account, like those put forward by the Nordic countries which had particularly interested his Government.

79. Ms. TOMKINSON (Observer for Australia) said that the authors of the Charter of the United Nations had already recognized the close interrelationship between

political, economic and social issues, and the fact that economic and social issues were often the basic cause of political differences. They had thus made provision for international cooperation on all those issues. However, the United Nations had not been as effective in the economic and social sectors as its founders would have wished, with the exception of the human rights area. While it was true that the operational agencies had done some extraordinarily valuable work, the policy-making organs had never exercised the influence and authority that had been originally expected. The recent revitalization of the United Nations in the political sphere had only served to highlight the relative lack of progress in the social and economic sector, when considered alongside the great range of such problems and the danger that ineffectiveness might prejudice success in other areas.

80. It must be recognized that reform would make no difference unless there was a political will to make effective use of the relevant organs of the United Nations and to take part in their work at an appropriate level. There was little purpose in improving the structures unless the Member States were prepared to use them.

81. However, her delegation had noted with great satisfaction the recent progress achieved in the reform of the economic and social sectors. The wide-ranging package of reforms adopted by the General Assembly at its resumed forty-fifth session should make an important contribution to that long process. Assembly resolution 45/264 was wide-ranging in its scope and very ambitious. It recognized a number of important basic principles which were to underly the restructuring process, including the importance of political will as an essential prerequisite for international cooperation, the need to achieve greater complementarity between the organs of the United Nations and the Assembly, and the importance of ensuring the most effective use of the financial and human resources of the United Nations system.

82. The resolution also established some concrete changes in the work of the Economic and Social Council, namely: the amalgamation of the two annual sessions; the introduction of a high-level segment devoted to one or more major economic or social policy themes; the strengthened coordination of the policies and activities of the United Nations in the economic and social spheres, to be based on a thematic approach; and a separation of the elections for Economic and Social Council subsidiary bodies from the substantive and organizational sessions.

83. The agreement on an agenda and timetable for the issues to be addressed in the future was also of considerable importance. At the forty-sixth session of the General Assembly, Member States were to conduct a review of the subsidiary bodies of the Council and of their reporting procedures. Her delegation looked forward to the report of the Secretary-General on that subject.

84. Another aspect of reform to be considered would be the report of the Secretary-General on the streamlining of Secretariat operations in the economic and social fields, in accordance with the relevant resolutions, to the General Assembly at its forty-sixth and forty-seventh sessions.

85. Her delegation also attached considerable importance to the review of the complementarity of the work of the Council and that of the General Assembly and to the review of the Council's composition, both of which were also on the agenda of the forty-seventh session of the Assembly.

86. Mr. PAULINICH (Peru) said that the initiation of the restructuring process had made it possible to reach an agreement on changes in the Council. It was obviously not just a change of form affecting the organization of its future work, but an actual redefinition of its role which was at stake. The revitalization of the Council had three main aims.

87. First, in the context of the annual high-level consideration of topical economic and social issues, the Council would be required to take political decisions on issues within its field of competence in such a way as to carry out the catalytic role which linked it to the international economic situation. The experience acquired at the Special High-level Meeting would be extremely useful in that respect.

88. Secondly, the establishment of an institutionalized high-level dialogue with the authorities of IMF, the World Bank and GATT on issues of common interest should help to dissipate the climate of mistrust which had hitherto existed.

89. Lastly, the "renewed" Council would be able to perform effectively the coordinating role assigned to it under Articles 63 and 64 of the Charter of the United Nations with regard to the institutional questions that had to be settled.

90. In addressing itself to those three aims, the Council had clearly taken on a new lease of life at a time when its existence was more essential than ever, confrontation having given way to interdependence in contemporary international economic relations. The revitalization process must however be completed, at the forty-sixth session of the General Assembly, by the review of the activities of the Council's subsidiary bodies.

91. At a time when usefulness and efficiency had become the driving force of the Council's activity, the developing countries, led by the Chairman of the Group of 77, had fearlessly and unhesitatingly shown themselves capable of contributing to a process such as restructuring by putting forward a comprehensive, consistent and logical proposal that had produced positive results which perhaps not everyone had expected, in view of past disappointments. Initiation of the undertaking had proved fruitful, however, since an agreement had been reached on the principles to be followed, on the renewal of the Council and on the criteria to be applied when reviewing the activities of the subsidiary bodies. His delegation was convinced that it would be particularly advanta-

geous to the developing countries to carry through a process of that kind.

92. Mr. STOBY (Secretary of the Council) said that, during the discussion, some delegations had complained of delays in the distribution of documents. The Secretariat deplored those delays, which impeded the successful progress of the Council's work since delegations had no time to transmit the documents in question to their Governments. It might, however, be wondered whether that situation was not due to the excessive number of documents requested and submitted, as some delegations seemed prepared to admit unofficially, particularly as they did not always have the opportunity to study them even when they were distributed on time. That was an important point which should be given serious consideration.

The meeting rose at 6 p.m.

28th meeting

Wednesday, 17 July 1991, at 10.20 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.28

AGENDA ITEM 3

Revitalization of the Economic and Social Council (*continued*)

1. Mr. WANG Baoliu (China) said that General Assembly resolution 45/264 marked an important step forward in the reform of the economic and social sectors of the United Nations; it had set the objectives to be pursued, and laid down the basic principles to be followed. His Government attached great importance to the reform, but the highly complex and interrelated nature of many of the issues made it essential for the process to be orderly and gradual. Since reform measures were bound to affect the interests of all parties, it was essential that there should be extensive consultation, and that measures of reform should be decided on and implemented by consensus. His delegation, accordingly, welcomed the spirit of compromise and constructiveness shown by all parties in reaching agreement on the resolution and hoped that that spirit would be maintained. It was also essential to ensure that all measures were in complete conformity with the principles set out in the resolution, and that the agenda and timetable of reform should be kept fully in line with its provisions. No initiatives or actions should be taken which went beyond those terms and principles in any way. His delegation was happy to join in the discussion of reform programmes and measures to strengthen the role of the United Nations in the economic and social sectors, with particular consideration of the needs of the developing countries.

2. Mr. ZUPANJEVAC (Yugoslavia) said that the successful outcome of the resumed forty-fifth session of the General Assembly had marked a significant breakthrough, particularly with regard to the revitalization of the Council as the central coordinating and policy-making body in the economic, social and related fields. His delegation believed that the decision to hold a single substantive session of the Council dealing with economic and social issues in an integrated manner would enhance its effectiveness.

3. The constructive and stimulating discussion at the Special High-level Meeting confirmed the soundness of the decision of the Council, in its resolution 1988/77 of 29 July 1988, to focus attention each year on a major policy theme. A useful example had been set for the 1992 high-level meeting in the new Council framework. Further clarification was, however, necessary of the procedure for selecting themes with due regard to Council decision 1990/205 of 9 February 1990 concerning a multi-year work programme.

4. The recent constructive debate in CPC on the response mechanisms to emergencies had highlighted the need to strengthen coordination within the United Nations system, and his delegation welcomed the decision by the General Assembly at its resumed forty-fifth session for a separate segment of the Council to be devoted to coordination, with the active and indispensable participation of heads of specialized agencies and other bodies in the United Nations system. In that context, particular attention should be paid to the recommendations of the joint ACC/CPC meetings.

5. His delegation was alive to the need for a cautious and gradual approach to the sensitive matter of reform, and for the interests of all countries to be fully taken into account. General Assembly resolution 45/264 had set a detailed calendar for the process over the coming two years. The Assembly's review of the functioning of the subsidiary bodies of the Assembly and the Council at the

forty-sixth session, and the evaluation of the relationship between the Council and the Assembly and the question of the composition of the Council at the forty-seventh session would be challenging tasks which would test the Organization's ability to adapt to changing needs.

6. One important step in the revitalization process remained to be taken. The principle that documents relating to agenda items should be circulated six weeks before the opening of sessions was largely disregarded, to the detriment of the functioning of the Council.

7. Mr. MAQUIEIRA (Chile) said that his delegation attached great importance to the revitalization of the Council and to the reform of the economic and social sectors of the United Nations in general. The search for solutions that would reflect the needs of the developing countries, particularly at a time of great and rapid changes, would necessarily take time. The process of reform would inevitably be gradual because of the complexity of the issues involved and the need to achieve balance.

8. High-level meetings should become a regular feature of the Council's work. They should be based on a multidisciplinary approach to the special topics and deal with economic and social issues in an integrated way. Experience with the Special High-level Meeting held at the current session had been positive, but the format had proved to be very similar to the traditional general discussion, and there had been only limited opportunities for real dialogue. He hoped that in future a structure would be adopted that facilitated a real exchange of views between delegations and a genuine dialogue with the heads of institutions and organizations, including those concerned with financing. The high-level meetings should be characterized by concreteness and avoid the rather arid tone which had marked the traditional general discussions.

9. A number of factors, mainly resulting from the inherently political nature of intergovernmental bodies, had made it difficult for the Council to carry out its mandate under the Charter of the United Nations, to establish priorities and to ensure the effective coordination of the activities of the specialized agencies and other bodies. How the coordinating process could be made effective would be among the topics discussed by the General Assembly at its forty-sixth session, but already two points could be emphasized. The coordinating process should enable attention to be concentrated on matters that offered a realistic prospect of success and should aim to ensure that the topics discussed were relevant. The Council could hardly be expected to review the coordination of all the agencies at each session, and some procedure was needed for the selection of a sector or a group of agencies for review. That would not preclude consideration by the Council of particularly urgent matters, such as the provision of emergency assistance, which had been discussed at the current session. It was also important not to lose sight of the fact that the Council was the only United Nations body in a position to take an overview of the activities of the specialized agencies and other subsidiary bodies in virtue of the fact that it received reports from them all and transmitted its findings to the General Assembly. He welcomed the holding of consolidated sessions, which would enable the Council to discuss social and economic problems in an integrated way instead of dealing with them separately as it had done hitherto at its two regular annual sessions.

10. Mr. Van BRAKEL (Canada) said that the adoption by consensus of General Assembly resolution 45/264 had marked the first important step in the reform process of the economic and social sectors of the United Nations. However, the measures adopted related almost exclusively to the reform of the Council, and it was generally agreed that the reform process needed to be much broader and deeper.

11. Important discussions had been held at the current session of the Council on ensuring rapid and effective assistance in emergencies, and further action would be taken at the forty-sixth session of the General Assembly. A strengthening of the approach to environmental and development issues was also likely to result from the United Nations Conference on Environment and Development. It was important to consider what contribution particular bodies actually brought to the discussion of specific issues. In his view, the United Nations should concentrate attention on areas where it had an advantage over other international institutions, such as the environment, population, and humanitarian assistance. Informal exchanges of views on important issues, of which the Council had already enjoyed a foretaste, would mark a positive advance, and those conducted at a high political level would enhance the Council's status. Ministerial participation could, however, be best achieved not by fiat but by ensuring that discussions were relevant to the preoccupations of ministers and senior officials. Policy themes should be decided at as close a time as possible to the opening of sessions, ideally at the Council's organizational session. His delegation looked forward to contributing actively to work on the revitalization of the Council and United Nations reform generally and urged the Secretary-General to proceed expeditiously with the measures within his purview.

12. Mr. SEMICHI (Algeria) said that his delegation appreciated the interim report submitted by the President (27th meeting) pursuant to Council resolution 1990/69 of 27 July 1990. The informal consultations held in New York had, he believed, produced two main conclusions which seemed to enjoy broad support in the Council concerning the effects of General Assembly resolution 45/264 on the Council's revitalization and the application of the Council's previous resolutions and decisions.

13. Although resolution 45/264 went beyond the subject under discussion, it was closely relevant in two respects. The first concerned the Council's role under the Charter of the United Nations as the central forum for considering major political, economic, social and related issues and the coordination of the activities of the United Nations system in those fields. The Council was involved, as a matter of priority, in any restructuring and

revitalization efforts in those spheres. Secondly, part III of the annex to the resolution set forth specific measures for the restructuring and revitalization of the Council. The most striking measure was to merge the two regular sessions into one substantive session, of four to five weeks, to be held in alternate years in New York and Geneva—which meant that the current session would be the last of the traditional second regular sessions. Resolution 45/264 was also important for its direct bearing, from 1992 onwards, on the organization and conduct of the Council's sessions.

14. With regard to organization, the General Assembly had decided that, in addition to the single substantive session, an organizational session should be held in February, not to exceed four days, and a resumed organizational session of one or two days at the end of April, devoted exclusively to elections, appointments and confirmations. With regard to the conduct of future sessions, the Assembly had adopted measures to focus the Council's plenary meetings on three segments: high-level, coordination and operational activities.

15. The high-level segment of four days, with ministerial participation, would be devoted to the consideration of one or more major economic and/or social policy themes to be determined taking into account the Council's multi-year work programme. In that regard, his delegation wished to make two observations.

16. The first related to the high-level meeting with ministerial participation. The Special High-level Meeting held on 4 and 5 July, the first of its type, had been marked by the high level of participation, thus establishing a useful precedent. His delegation welcomed the General Assembly's decision to make meetings of that sort an integral part of all Council sessions. That could not fail to provide the Council with the political impetus necessary to its revitalization. The second observation concerned the agenda of such meetings. Since the Council had already taken note, in its decision 1991/203 of 7 February 1991, of the topics to be included in the 1992 programme of work, the high-level meeting was bound to have before it the two major general policy themes decided on: the international trade system and its impact on the development of the developing countries; and the eradication of poverty in the developing countries, including the impact of structural adjustment programmes on vulnerable groups.

17. His delegation also endorsed the support expressed for the holding, as part of the high-level segment of future sessions, of a one-day policy dialogue and discussion on important developments in the world economy and international economic cooperation. A summary of the high-level segment by the President, which would be incorporated in the Council's final report to be submitted to the Assembly, would also be a highly effective measure, focusing the Assembly's attention at the outset on the major themes which required policy action on its part.

18. With regard to coordination questions, the measures adopted by the General Assembly should enable the Council to assume in full its responsibility, pursuant to the Charter of the United Nations, as the central coordination forum for the specialized agencies, benefiting from the active support of CPC and ACC, which the Assembly had invited to submit assessments and recommendations regarding system-wide coordination to the Council. On operational activities, Assembly resolution 45/264, annex, paragraph 5 (*d*) (iii) was highly important in that it restored to its original and natural context—namely, promotion of development for the developing countries—the question of operational activities, thus enabling the various bodies' contributions to be properly measured. The same concern for effectiveness had guided the Assembly's approach to the work of the Council's committees, which in future would be two in number, having the main task of considering the reports of the Council's subsidiary bodies and taking decisions accordingly without a general debate of the themes considered.

19. If the provisions of resolution 45/264 were to result in improved effectiveness of the Council's work, all its members must consider the outcome, in the various spheres, of a revision of the Council's rules of procedure and suitable modifications of the calendar and structure of its work. The resolution provided for measures to take effect from February 1992, and provided a rough outline agenda and calendar for future use. One question to be dealt with would be that of equitable geographical distribution in the composition of the Council and its subsidiary bodies.

20. At its current session, the Council was considering the question of its revitalization, not the restructuring and revitalization of the United Nations. Although the two issues were associated, care must be taken to avoid any confusion. In regard to the Council itself, other texts, particularly Council resolutions 1988/77 of 29 July 1988 and 1989/114 of 28 July 1989, were relevant, in addition to Assembly resolution 45/264, annex, part III. The provisions of those Council resolutions had not yet been fully implemented—particularly that relating to the preparation of a detailed triennial review of operational activities for development and the constitution, within the Secretariat, of a distinct, identifiable structure to assist the Council in preparing thematic analyses and overview reports. Everything should be done to implement those provisions speedily and in full.

21. That task, and the broader one of restructuring and revitalizing the United Nations in the economic, social and related fields, had a common aim of making the best possible use of the United Nations system's financial and human resources. That aim, however, was not an end in itself. The ultimate purpose was, as reflected in General Assembly resolution 45/177 of 19 December 1990, to make the Organization's intergovernmental machinery better able to strengthen international economic cooperation and promote the development of the developing countries. That purpose was more relevant than ever, on account of the set-backs experienced in recent years in multilateral cooperation and the calamitous worsening of the economic and social situation in the de-

veloping countries. As the General Assembly had stated in its resolution 45/264, annex, paragraph 3 (*c*):

> political will was an essential prerequisite for enhancing international cooperation. The socio-economic goals of the United Nations would remain unachievable in the absence of the requisite political will of all States.

22. Mr. HYDER (Pakistan) said that General Assembly resolution 45/264 reflected a long-recognized need to restructure and revitalize the United Nations in the economic, social and related fields, a goal to which the Group of 77 remained committed.

23. Further steps in that direction should be motivated not by a desire for institutional change for its own sake but by the objective of enhancing the effectiveness and relevance of the United Nations system. The latter's economic and social sectors should be developed and supported in the same way as the political sector, thus enabling the United Nations to be a global organization in which the interests of all countries were represented and addressed. Significant progress had been made in the political field, but the world order could not be sustained and made more stable unless the South's economic development was promoted and accelerated. That could happen only if the United Nations was provided with the requisite resources to function as an effective instrument of cooperation.

24. The task required an integrated approach to issues of main concern. The developed world tended increasingly to concentrate on drugs, the environment, women in development and humanitarian issues. Commendable as such concern was, not enough attention was paid to the underlying causes such as poverty in the developing countries. Only broad-based development in the South could lead to lasting solutions of other issues and constitute a bedrock for international security. There should be closer consultation between the Organization's political bodies and the international financial and development institutions, as envisaged in existing agreements.

25. With regard to the issues still to be addressed, the General Assembly should be primarily responsible for a broad-based political approach, and should set out the policy framework. The Council's role should be strengthened so that it could assist in monitoring, assessing and implementing Assembly decisions, a very important complementary role. There was certainly scope for rationalizing and improving subsidiary machinery in the economic, social and related fields on the basis of uniform principles and guidelines. Once agreement had been reached on the machinery, changes in the Secretariat structure could be considered.

26. The basic issue was the United Nations' fragmented system. Too many topics were treated separately, with no coherence or overall guidance. The Council could play a vital role in that regard, provided that it was given the power to oversee and review the system's operational economic and social activities.

Expression of sympathy in connection with the recent floods in China (concluded)

27. Mr. WANG Baoliu (China) reiterated his delegation's thanks for the sympathy already expressed by the Council in connection with the damage and suffering caused by the severe and unprecedented floods in his country, concerning which his delegation had just received further details.

28. During the first half of 1991, and especially in May and June, 18 provinces, autonomous regions and municipalities had suffered from floods, and 5 provinces and autonomous regions had been afflicted by severe drought. According to statistics available on 7 July 1991 in respect of Anhui province, selected as an example, over 20 urban districts and 1,300 townships, in 70 counties, had been inundated, in some places to a depth exceeding 1.5 metres, for several days. The floods had affected 33.9 million people; 11.25 million had been badly affected, and 9.6 million had suffered very seriously. There had been 267 deaths, and 2,316 people had been seriously injured; 6.21 million people, in 31,000 villages, had been cut off, and 9,027 victims had been transferred. Over 4.3 million hectares of crops had been affected, 740,000 hectares had been rendered useless, and 44,000 hectares of cultivated land has been destroyed. The statistics received also related to collapsed and damaged buildings, and landslide and subsidence damage affecting railways, highways, bridges, watercourses and communication lines, as well as industrial and mining enterprises, hospitals and schools. Total economic losses were in the order of 7 billion yuan renminbi.

29. Government authorities at all levels, and the people, had made enormous efforts to overcome the effects of the catastrophe but continued to face great difficulties stemming from the urgent need to protect health and hygiene and carry out emergency repairs to the infrastructure. Over $200 million in emergency relief was needed. The Chinese Government had launched an urgent appeal to the international community for immediate assistance in that regard, as well as for aid in longer-term rehabilitation.

30. The PRESIDENT said he felt sure he spoke on behalf of the entire Council and the international community in reiterating sympathy for the Government and people of China.

AGENDA ITEM 5

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories

31. Mr. ABU KOASH (Observer for Palestine) said that two years had elapsed since the Council, in its resolution 1989/86 of 26 July 1989, had requested a comprehensive report on Israeli land and water policies and practices in the occupied Palestinian and other Arab ter-

ritories. It was surprising that the report of the Secretary-General (E/1991/88) had been issued only a week earlier and that, despite its late appearance, it contained no recent information about the serious events that continued to occur as a result of Israeli settlement policies and practices. An updated version of the report was required, and ESCWA had the experience and competence to prepare one.

32. The leaders of Zionism had always sought, since its early days in the nineteenth century, to defy the noble idea of an international community and simply to seize the land of Palestine, expel its inhabitants and replace them by Jewish immigrants. Only the complicity and assistance of others had enabled the Zionists to make progress in their efforts, which had culminated in the creation of the Zionist State in 1948. The similarity of earlier and current events was striking—the expulsion of the inhabitants and a mass influx of Jewish settlers, practices which had extended to other areas such as the Syrian Arab Golan. But nothing was ever said about taking decisive steps to put an end to such colonization.

33. Whenever protests occurred, the Israeli authorities considered any disturbances a threat to the "Jewish inhabitants", clearly disregarding the real inhabitants. And because of the support Israel received from around the world for its policies, it emerged victorious in all situations. The matter might not be so grave if Israel was committed to the cause of peace; but its aims were clearly aggressive, and were being pursued through a policy of annexation. Israel coveted the land but rejected its inhabitants. The practice of introducing ever more settlers was part of the annexation policy; Israel, as its leaders had declared, had no intention of withdrawing from the territories it had occupied since 1967.

34. One of Israel's acts in the occupied territories was to expropriate the water resources, by means of measures including the imposition of restrictions on supplies for drinking and other purposes.

35. The occupied Gaza Strip and the occupied Syrian Arab Golan—including the Syrian Lake Ram—as well as occupied southern Lebanon, had also suffered from Israeli water practices. Israel could not solve its water crisis by seizing the water of the occupied territories, which, like all other territories, were entitled to sovereignty over their natural resources. The encouragement given to Israel by Jews throughout the world had sharpened the crisis and blocked the road to peace. The water crisis in neighbouring Arab countries was far more serious than in Israel itself. Whereas those Arab countries lacked the necessary sophisticated technology and financial means to develop their water resources, Israel had ample means of doing so in a peaceable manner.

36. Information on Israeli settlements in an American State Department report submitted to Congress in March 1991 showed that over 200,000 Israelis were living in over 200 urban and rural settlements in the occupied Palestinian territory and the occupied Syrian Arab Golan. The settlers accounted for 13 per cent of the entire population of the territories, and the Israeli authorities continued to establish new settlements despite the international community's urgent calls for a halt. The Israeli Minister of Housing had officially stated that the construction of a further 12,000 housing units was planned over the next two years. The number of housing units built had quadrupled since the beginning of 1990. He welcomed the American Secretary of State's reference to the settlements in his report to Congress and the Group of Seven's appeal at the Summit of the seven major industrialized countries being held in London from 15 to 17 July for a halt to their establishment as an essential first step in the peace process.

37. The PLO was committed to the peace initiative it had launched earlier at Geneva and would seriously consider any initiative aimed at finding a peaceful solution to the conflict, at the heart of which lay the problem of Palestine. It welcomed the further efforts of the American Secretary of State who was to resume his peace initiative on the basis of United Nations resolutions and decisions, including those of the Security Council.

38. While the Palestinians were emphatically in favour of a just peace, Israel had failed to respond favourably to the various appeals made to it to end the occupation and had confirmed its opposition to the peace efforts. Nevertheless, the Palestinians had faith in their ability to achieve the freedom, independence, sovereignty and peace enjoyed by all other States.

39. Mr. MASRI (Syrian Arab Republic) welcomed the report of the Secretary-General (E/1991/88). His delegation would be grateful if the unpublished ESCWA study referred to in the source for table 1 of the report could be issued as an official Council document.

40. Attention had repeatedly been drawn to the plight of the people of the occupied territories, whose wealth and property and land and water resources had been seized for use by Israeli settlers as part of a policy of replacing the indigenous population by migrants and altering the demography of the territories with a view to their annexation.

41. As the report showed, Israel had gained complete military control of the territories and confiscated the water resources in the West Bank and Syrian Arab Golan and, following its invasion of Lebanon, had extended its control to the rivers of southern Lebanon.

42. Fifty-two per cent of the land had been confiscated in the West Bank and 42 per cent in the Gaza Strip. The land taken was mostly fertile agricultural land and the owners were allowed no right of appeal against the military orders for confiscation. The land seized was used for military purposes and for the establishment of new, or expansion of existing, settlements. Israel had recently announced its intention of settling a further million immigrants in the occupied territories. That was a major violation of the Geneva Convention relative to the Protection of Civilian Persons in Time of War, of 12 August 1949, and a challenge to the efforts to achieve a lasting peace in the area.

43. As the report showed, Israel's land and water policies had radically changed the economies of the occupied territories. Agricultural output and income had fallen and unemployment had risen substantially, forcing the workers to move elsewhere in search of a livelihood. According to ILO figures, some 104,000 Arab workers had been affected between 1967 and 1981.

44. In view of the grave humanitarian problems, the international community should provide increased funds to the United Nations bodies and specialized agencies concerned in order to relieve the sufferings of the people of the occupied territories. The support of the international community was more than ever necessary to enable the Palestinian people to exercise their inalienable rights, including their right to an independent State in their land of Palestine, and take control of their own resources. That required the unconditional withdrawal of Israel from the occupied territories in accordance with United Nations resolutions.

45. Mr. KEREM (Observer for Israel) said that although the report of the Secretary-General (E/1991/88) had not been issued until the end of the previous week, its late arrival would probably make little difference to the tenor of the discussion. Considering the vast amount of information available on Judea, Samaria and the Gaza district, it was surprising that so much of the material in the report was outdated, some of it by more than a decade. Many sources drawn on were neither objective nor professional. His Government's studies and statistics had not been used although they were the only first-hand source of accurate information on development in the areas concerned.

46. The report did not examine land holding and use or describe the development of water use and monitoring. At the very least, it would have been instructive to compare crop yield and diversification, per capita water use and efficiency of irrigation, say, in 1950, 1966 and 1986. It was misleading to place the argument in the context of a bilateral struggle over a fixed resource.

47. Section I of the report gave the impression that the areas in question had benefited from strenuous development efforts, progressive rule and rising standards of living before the Six Day War. In fact, as a study by the Bank of Israel showed, agricultural production had been extremely low owing to the primitive cultivation methods used and absence of an organized irrigation system. Since 1967 there had been a dramatic increase in agricultural production as a result of capital accumulation, technical progress, the application of scientific methods and exposure to Israel's highly developed agriculture through an open borders policy.

48. Quoting an UNCTAD study based on suspect sources, the report suggested that declining agricultural figures for a four-year period in the early 1980s were a result of the negative impact of the confiscation of rural land by the Israeli authorities. Agricultural employment had indeed declined but agricultural employment never increased when there was any significant economic development. Rising yields, substantial market expansion, both in Israel and the Arab countries, and significant improvements in agricultural productivity were the reasons for reduced agricultural employment just as they were for increased income and wages. That was true of most of the developed world.

49. The Israeli administration's land policies, similar to those used in any country where land was used for the public good and not merely for a privileged landed minority, had had little real effect either on population movements or economic indicators. A truer explanation of such developments could be found in the magnet of oil wealth in the Gulf States, higher wages in Israel and negative external political influences.

50. The allegations concerning water use were also misleading. The argument that water rights were determined by political boundaries was hardly consistent with international practice. If that argument held good, Jordan, the Syrian Arab Republic and Iraq would all be in a difficult situation. Mexico would have no rights to water from the Colorado River and the Netherlands would have no access to the waters of the Rhine.

51. The report contradicted itself by claiming that the Gaza district had a natural right to underground water originating in Israel. While that was not in dispute, it was untrue to say that the growing salinity of Gaza water resources resulted from the use of local water resources by Jewish settlements. The latter's needs were, in fact met from sources within Israel or previously undeveloped sources. The increased salinity resulted entirely from overpumping by the local population, the solution to which lay in changed agricultural practices and the introduction of new technology such as the recycling of sewage water.

52. It was untrue to suggest that most of the Golan rainfall entered the Sea of Galilee, from which Israel then pumped water not belonging to it for the use of Israeli settlements. Most of the rainfall evaporated and flowed neither to the Jordan River, the main source of the Sea of Galilee, nor to the Yarmuk. The development and use of water conservation on the Golan Heights was equally misrepresented. All of the 400 reservoirs mentioned in paragraph 58 (*b*) of the report had been constructed under the Israeli administration for local needs. The Birkat Ram reservoir mentioned in paragraph 58 (*g*) was used as a regional reservoir and replenished both from local sources and from sources fully under Israeli sovereignty. It continued to meet the needs of the local population.

53. The contention that deep wells had depleted the groundwater resources available to Arab villages in Judea and Samaria was also untrue. The wells drew their water from deeper aquifers unconnected to previously existing sources. Water from them, together with water from existing Israeli sources, was directed both to Arab and Jewish settlements.

54. The report repeated the allegation that Israel maintained control of the land and water resources of southern Lebanon. In fact it did not and never had used the

waters of the Litani River, which continued to flow unused into the Mediterranean.

55. With respect to general governmental control of water resources, water in semi-arid areas suffering from increasing desertification could not be looked upon as a source which each individual could use without regard for his neighbour's needs. It was a precious economic resource which, in addition to its necessity to life, commanded a market price and must be subject to government control for the greater good.

56. The extrapolations used in the report as a basis for dire predictions were incorrect and unprofessional. The figures were worthless and merely obscured the dynamic reality of a complex and developing situation.

57. Economic and living conditions in the territories were a result of complex factors, such as the interrelationship between the general economy of the areas and the more advanced economy of Israel, the competition for resources between agriculture and industry and the violence that had plagued the areas in recent years. The intifada and the Gulf war had been unmitigated economic disasters for the territories.

58. Water and land were no longer fixed resources. When managed intelligently both might yield a vastly increased and diversified production. Instead of being exploited as subject matter for propaganda, they should be the top priorities for regional cooperation and a guarantee of a better future.

59. Mr. RIFAAH EL TAHTAWI (Observer for Egypt) thanked the Secretary-General for the specific and comprehensive report (E/1991/88). He also welcomed the Secretary-General's decision to appoint a personal representative for economic development and humanitarian assistance in the occupied territories and deplored Israel's refusal to allow him to carry out his mission.

60. The principle of permanent sovereignty over national resources had long been accepted by the international community. According to that principle, the right of peoples over their national wealth and resources was inalienable and could not be forfeited through military occupation or illegal settlement. The Israeli occupation of the Palestinian and other Arab territories, however long-lasting, gave no legal foundation for the seizure by the occupying authorities of Arab lands and property or their water resources.

61. His delegation fully endorsed the content of the report, in particular paragraph 29 which stated that Israeli land and water policies in the occupied Palestinian and other Arab territories formed an integral part of the strategy of settlement as the key mechanism for Israeli control of the territories. Israel's confiscation of Arab lands was accompanied by a policy of constructing settlements to be filled by immigrants from all over the world, driving out the rightful owners of the land. The establishment of those settlements was in violation of the Fourth Geneva Convention and of Security Council resolution 465 (1980) of 1 March 1980.

62. The figures provided in sections II and III of the report were instructive. Between June 1967 and the end of 1990 the Israeli occupying authorities had confiscated 52.6 per cent of the total land area of the West Bank, 42.3 per cent of the total land area of the Gaza Strip and 69.4 per cent of the total land area of the Syrian Arab Golan. According to a study prepared by UNCTAD on recent economic developments in the occupied Palestinian territory, the area under cultivation had decreased from 36 per cent of the total land area of the occupied West Bank in 1966 to 27 per cent in 1984 and in the occupied Gaza Strip from 55 per cent of the total area in 1966 to 28 per cent in 1985. Income from agriculture had also fallen, and with rising unemployment among agricultural workers there had been an increase in emigration to Jordan and the Gulf countries. According to an ILO report on the condition of workers in the occupied territories,[1] efforts made on behalf of development within the territories were frequently thwarted by administrative or security considerations put forward by the Israeli authorities.

63. The Israeli water policies and practices, described in paragraphs 54-58 of the report of the Secretary-General, had had extremely serious effects. Israel had seized over 80 per cent of the water resources of the West Bank with the result that its Arab inhabitants were currently suffering from a water shortage. His delegation had no wish to be involved in a discussion of the truth or otherwise of the conditions described in the report. However, a simple solution for avoiding any dispute would be for Israel to respect international law and withdraw from the occupied territories.

64. His delegation called on ESCWA to continue its close monitoring of Israeli land and water policies and practices in the occupied Palestinian and other Arab territories and to report on them again to the Council at its substantive session of 1992. Judging by the increase in the number of illegal Israeli settlements in the territories, conditions would continue to deteriorate. It was important to ensure coordination and cooperation among the various specialized agencies and bodies of the United Nations concerned with the problem.

65. Mr. HADID (Algeria) said that the report of the Secretary-General (E/1991/88) contained much valuable information and was evidence that the matter had finally received the serious attention it deserved. He regretted, however, that its late distribution had not allowed delegations to study it with the necessary care.

66. The economic situation in the occupied Arab territories possessed all the features of an economy subject to occupation. The problems of land and water under consideration by the Council were only two of its many facets. The whole economic sector suffered from the harmful effects of Israeli policy.

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[1] International Labour Office, International Labour Conference, 77th Session 1990, *Report of the Director-General, Appendices* (vol. 2).

67. In the case of Palestinian lands, an insidious process of appropriation was taking place to the advantage of Israeli settlers. As the report noted, the Israeli occupying authorities were promulgating a series of laws and regulations that were being used to seize Arab lands and property and to confiscate the water resources of the West Bank and the Gaza Strip, including groundwater reserves and the water of the Jordan River. The report showed that the area of irrigated land belonging to the Arab population had decreased, whereas irrigated areas in the Israeli colonies had increased.

68. The dispossession of the Palestinian people was being carried out by means of the expansion of illegal Jewish settlements in the occupied territories in flagrant violation of the Fourth Geneva Convention and Security Council resolution 465 (1980), as well as various resolutions of the General Assembly. The settlement policy was being pursued with no regard for the interests of the Arab population. The confiscation of Palestinian lands had been speeded up, and the report contained some enlightening information on the methods used by the Israeli occupying authorities to that end.

69. There had been serious repercussions on the growth and development of the Palestinian economy. Thus, agriculture, one of the key sectors for development in the occupied Arab territories, contributed less and less to GDP. Figures were given in the report for the decline in agricultural production and consequently in income from agriculture, as well as employment. His delegation particularly deplored the Israeli authorities' practice of uprooting fruit trees and destroying crops in the occupied Arab territories. Given that, as stated in the report, agriculture remained the backbone of development in the occupied Arab territories, it was obvious that the area's whole economy was in danger.

70. Water, likewise an essential resource, was also the object of restrictive measures by the occupying authorities. A number of studies confirmed that the whole region was suffering from serious difficulties of water supply because of the abusive utilization of regional reserves by Israel. As far as the diversion of Palestinian water resources to Israel and Israeli settlements in the occupied territories were concerned, the report noted that, of the 600 million cubic metres per year of useable groundwater reserves in the West Bank, the Israeli occupation authorities were currently pumping approximately 500 million cubic metres per year, leaving only 100 million cubic metres per year for use by the West Bank, or 16.6 per cent of the water available.

71. None of the other sectors of the economy was left untouched by the Israeli occupation authorities' deliberate policy of confiscation. Few details were given in the report of the economic situation of the Palestinian people, but clearly, long-term economic development was an illusion under conditions of military occupation contrary to the wishes of an entire people and against the will of the international community. That situation would endure until the inalienable rights of the Palestinian people received due recognition. The full and complete enjoyment by the Palestinian people of their own natural resources must be reaffirmed and guaranteed and accompanied by an end to the occupation. Law must be allowed to reign and the relevant resolutions of the United Nations must be put into effect. An international conference on the Middle East should be convened under United Nations auspices, in which all the parties to the conflict would participate on an equal footing, including the PLO as the sole legitimate representative of the Palestinian people.

72. Mr. OZADOVSKY (Ukrainian Soviet Socialist Republic) said that, against the background of the remarkable changes in international relations and the emergence of new political thinking, the failure to settle the long-drawn-out conflict in the Middle East was an anachronism. The report of the Secretary-General (E/1991/88) presented a great deal of detailed information on restrictions on the functioning of vital sectors of the Palestinian economy, particularly agriculture, which were reducing the territory's export potential. The events of recent years confirmed the necessity for prompt compliance with Security Council resolutions 242 (1967) of 22 November 1967 and 338 (1973) of 22 October 1973. His delegation stressed the importance it attached both to the achievement of national self-determination, by the Palestinian people and to the necessity to take account of Israel's security concerns. The inalienable rights of the Palestinian and other Arab peoples to permanent sovereignty over their national resources could only be assured within the framework of a comprehensive, just and lasting settlement of the conflict in the region.

73. For the first time for many years a ray of hope was discernible. There was a broad international consensus that the most effective way to achieve a just and comprehensive settlement of the Arab-Israeli conflict was the convening of an international peace conference under United Nations auspices with the participation of all interested parties, including representatives of the Palestinian people, and the five permanent Members of the Security Council, on the lines indicated in General Assembly resolution 45/68 of 6 December 1990. The Council and its subsidiary bodies could play an important part in preparing for the economic aspects of such a conference, and thus make a valuable contribution to a solution of the underlying problem. In that connection, his delegation underlined the importance of cooperative action by all countries concerned to smooth the way for the convening of the peace conference, which could initiate a dialogue and lead to mutually acceptable agreements on all aspects of the problem.

74. Mr. SOROKIN (Union of Soviet Socialist Republics) said that, behind the moves away from the cold war and confrontation towards peaceful dialogue and partnership, and the opportunities provided for achieving real progress in the affairs of the Middle East, there remained grave disquiet about the situation in the occupied Palestinian and other Arab territories, where events had been highly unstable and explosive during the past year. The Security Council, in its resolutions 672 (1990) of 12 October, 673 (1990) of 24 October and 681 (1990)

of 20 December 1990, had expressed concern about the violence taking place in the occupied territories, the deportation of Palestinian citizens and Israel's violation of the Fourth Geneva Convention, and had called for continued efforts to secure the safety and protection of the Palestinian population. His delegation deeply deplored the continued unnecessary bloodshed and cruelty.

75. The world community had a duty to initiate a political settlement to the Arab-Israeli conflict, first and foremost the Palestinian issue, on the basis of international law. The Soviet Union advocated a comprehensive settlement, one essential condition of which was an equitable solution to the Palestinian problem, based on the Palestinians' exercise of the right to self-determination. The Soviet Union therefore supported the call for a world conference on the Middle East, at which it was ready to serve as a co-chairman. The task called for considerable efforts and constant attention by the international community, but responsibility for success rested chiefly with the parties directly involved in the conflict. The Palestinian people's genuine exercise of inalienable sovereignty over its national resources could be achieved only in the context of a comprehensive, equitable and lasting settlement of the situation in the region.

76. Mr. AHMED (Bahrain) said that the report of the Secretary-General (E/1991/88) showed clearly that Israel was continuing to harden its attitude in the face of an international consensus. Ever since the seizure of the West Bank and Gaza Strip, Israeli abuses had gone beyond all bounds.

77. A series of laws and decrees had been enacted to be used in the confiscation of Arab lands and property and water resources, including the groundwater reserves of the West Bank and Gaza Strip as well as the water of the Jordan River, leading to ever-worsening living conditions among the Arab population of the occupied territories.

78. The Israeli plan was to prevent the Palestinian people and the inhabitants of the Syrian Arab Golan from using their national resources, to prevent them from trading in their products or exporting them to neighbouring States, and even to prevent them from benefiting from economic assistance offered from abroad by other States. By depriving the local population of outside help, the occupation authorities sought to worsen their plight and force them to leave.

79. His delegation appealed to the international community and international organizations to recognize that the Arab population must be provided with the necessary assistance and immediate steps taken to halt the Israeli practices and protect the national resources of the occupied territories so that the original population could enjoy the benefits of those resources. The specialized agencies had a special responsibility to provide all the assistance necessary to the people of the occupied Arab territories to enable them to trade in their products and to irrigate their land from the groundwater resources of the area.

80. An overall solution must be found to the perpetual crisis in the Middle East. The international community must devote itself as a matter of urgency to ensuring peace and stability in the region, given its importance to international peace and security as a whole. His delegation supported the effort to convene an international conference that would allow the Palestinian people to benefit from their own national resources in their own independent land.

81. Mr. BRAHIME (Morocco) said that his delegation welcomed the report of the Secretary-General (E/1991/88), although it regretted the delay to which it had been subjected. The report was descriptive rather than analytical, but it gave a clear idea of the inhuman policies being pursued by Israel in the occupied Palestinian and other Arab territories. The people of those territories were being deliberately deprived of land and water in order to force them out in preparation for Jewish immigration at the expense of the original inhabitants. The Israeli occupation authorities were seeking to uproot the Palestinians and destroy their national identity. The international conscience could not accept the destruction of an entire people and their replacement by newcomers. Israel's policy of *fait accompli* and denial of Palestinian rights could only be attributed to expansionist motives and unrealistic aspirations towards security that was at odds with real conditions in the present-day world. Israel's continued arrogant refusal to apply the resolutions adopted by the international community and to grant the Palestinian people all their rights in their own territory was bound to delay the settlement of the Middle East problem as a whole. Current Israeli land and water practices would inevitably give rise to new conflicts in the future. The international community could not stand idly by and pass over events in the occupied territories in silence. Israel must be made to apply the Fourth Geneva Convention and the United Nations resolutions adopted to protect the rights of the population. The Palestinians must be given the right of self-determination and sovereignty over their own property and national resources.

The meeting rose at 1.05 p.m.

29th meeting

Monday, 22 July 1991, at 10.25. a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.29

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)*

1. Mr. KUFUOR (Observer for Ghana), introducing draft decision E/1991/L.31 on the convening of an international conference on development financing on behalf of Member States that are members of the Group of 77, said that the Group had voiced its concern on several occasions about the problems arising from the inadequate flow of development resources to the developing countries. In view of those problems, the Group of 77 welcomed the Secretary-General's suggestion (16th meeting) regarding the convening of an international conference on the financing of development. Draft decision E/1991/L.31 was a simple procedural text aimed at bringing the matter to the attention of the General Assembly at its forty-sixth session and would, the Group of 77 hoped, receive the Council's support.

2. Mr. TALUKDAR (Observer for Bangladesh), introducing draft resolution E/1991/L.32, said that his delegation had been mandated to do so by the delegations of the least developed countries participating in the session. The only reason for tabling the text was the inability of the least developed countries to pronounce themselves at the current session on the issues presented in the CDP report (E/1991/32), which contained criteria for identifying the least developed of the developing countries. Since delegations had not received the report before the session, even a preliminary appraisal of CDP's conclusions and recommendations had been impossible, let alone the in-depth study and analysis which such a report merited, particularly because of the far-reaching implications and consequences of its conclusions and recommendations.

3. A further handicap was that the delegations of the least developed countries knew nothing of CDP's deliberations on the subject. For example, they did not know whether CDP's terms of reference required it to review existing criteria and recommend a new set for consideration by the Member States for subsequent action, or whether it was not only to make such recommendations but also apply them, pending their approval by Member States. Nor were they aware whether CDP had had the opportunity to study in depth the implications of its conclusions and recommendations on the Programme of Action for the Least Developed Countries for the 1990s. The least developed countries needed to examine the conceptual basis of the new criteria and time to discuss it with all parties concerned.

4. The draft resolution was intended to give the least developed countries an opportunity to study CDP's conclusions and recommendations and bring them to the attention of the General Assembly.

5. In response to an observation by the Secretary of the Council regarding operative paragraphs 1 and 3, he said that his delegation accepted the secretariat's alteration of the sponsors' original wording so as to read "a resumed" instead of "its resumed", on the understanding that the Council would take a decision accordingly in the light of the draft resolution.

6. Mr. SIAKALENGE (Zambia) introduced draft decision E/1991/L.33 on implementation of the Programme for the Least Developed Countries for the 1990s. He observed that, since all delegations had seen the CDP report (E/1991/32), no lengthy outline of the draft decision was needed. However, paragraph (*c*) should be deleted and replaced by a text submitted by the delegation of Namibia, worded "(*c*) To recommend that the General Assembly at its forty-sixth session consider providing for a transitional period for countries graduating as LDCs in order to avoid disruption of their development programmes".

7. Mr. DIA (Observer for Senegal), introducing draft resolution E/1991/L.35 on behalf of the African States, said that the world community had welcomed the celebration of Namibia's independence in 1990 as an important step in the furtherance of democracy and respect for human rights. To succeed in achieving those goals, however, Namibia needed particular attention to be given to its needs. Therefore, the preambular part of the draft resolution recalled, *inter alia*, the invitations to the General Assembly, contained in the resolution adopted by the Second United Nations Conference on the Least Developed Countries to consider the question of including Namibia in the list of least developed countries. It also took note of and welcomed the recent decision by the EC

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* Resumed from the 23rd meeting.

to accord Namibia a status equivalent to that of a least developed country during the first five years (1990-1995) of the fourth ACP-EEC Lomé Convention. Operative paragraph 2 appealed for a generous response to Namibia's needs and for assistance on a bilateral/multilateral basis.

8. Two changes should be made in the text. In operative paragraph 2 the term 'States Members of the United Nations'' should read ''States''; and in operative paragraph 3 the term ''States Members'' should read ''States'', and the phrase ''in the meantime'' should be replaced by ''following the forty-sixth session of the United Nations General Assembly''.

9. The PRESIDENT announced that the meeting would adjourn for informal consultations on the draft proposals.

The meeting rose at 10.45 a.m.

30th meeting

Wednesday, 24 July 1991, at 10.25 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.30

AGENDA ITEM 5

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*continued*)*

1. Miss CHAALAN (Syrian Arab Republic), introducing draft resolution E/1991/L.36 on Israeli settlements in the Palestinian territory, the Syrian Arab Golan and the other occupied Arab territories, said that the draft resolution condemned Israel's establishment of settlements in the territories, declared it to be an insurmountable obstacle to the achievement of a just, comprehensive and lasting peace in the Middle East, condemned Israel's practices in the territories, reaffirmed the inalienable right of the populations of the territories to full sovereignty over their natural and economic resources, and requested the Secretary-General to prepare a report on the economic and social consequences of Israel's establishment of settlements, for submission through the Council to the General Assembly at its forty-sixth session.

2. The serious deterioration in the living conditions of the population of the occupied territories was the direct outcome of Israel's policies and practices which had placed the economy of the territories under Israel's control. Their natural resources had been laid waste and the people of the territories had been deprived of their legitimate rights, particularly in the economic and social spheres. In view of the importance of redressing that wrong, the sponsors hoped the draft would be adopted by consensus.

AGENDA ITEM 6

International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl (*continued*)**

3. Mr. KRAVCHENKO (Observer for the Byelorussian Soviet Socialist Republic), introducing draft resolution E/1991/L.37, said that since the adoption of Council resolution 1990/50 further national and international measures had been taken to mitigate the consequences of the Chernobyl disaster. Various decisions by organizations of the United Nations system, notably General Assembly resolution 45/190, had demonstrated the political will of Member States to engage in a joint humanitarian undertaking to mitigate the consequences of the accident. The sponsors noted with satisfaction that the action taken by the Secretary-General and the Coordinator of the activities related to the Chernobyl accident in the United Nations system had achieved good practical results.

4. The draft resolution took account of the wording adopted by consensus in earlier decisions and of the general spirit of partnership and cooperation that had characterized discussion of the item during the session. The preambular part reflected the need for continued coordination of the efforts of the international community to implement General Assembly resolution 45/190. The operative paragraphs welcomed the measures taken by the Secretary-General to coordinate the activities of the United Nations system and the measures to facilitate presentation of the joint plan prepared by the Governments of the Soviet Union and the three Republics af-

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* Resumed from the 28th meeting.

** Resumed from the 25th meeting.

fected by the accident; noted the various assessments of the radiological consequences and recognized the need for further study; and, in paragraph 3, noted the Secretary-General's decision to convene a pledging conference, which would be a key instrument in mobilizing the world community's support.

5. He thanked the delegations that had taken part in formulating the draft resolution and expressed the hope that, like previous resolutions on the subject, the draft resolution would be adopted unanimously.

The meeting rose at 10.45 a.m.

31st meeting

Friday, 26 July 1991, at 10.45 a.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.31

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*concluded*)*

1. Mr. ISMAIL (Malaysia), speaking in his capacity as Vice-President of the Council, introduced the draft decision entitled "Convening of an international conference on development financing" (E/1991/L.38), based on informal consultations concerning draft decision E/1991/L.31 which had been submitted by the Ghanaian delegation (29th meeting), on behalf of the Group of 77, on the basis of the proposal made by the Secretary-General (16th meeting). Draft decision E/1991/L.38 was the outcome of much productive effort in the course of the informal consultations and he commended it for adoption by the Council.

2. Mr. JOMAA (Tunisia) drew attention to the phrase "*pour qu'elle l'étudie plus avant*" in paragraph (*b*) of the French text of the draft decision. Though it was frequently used in Secretariat documents, he did not regard it as a very elegant translation of the English phrase "for further consideration".

3. The PRESIDENT said that the point would be noted by the secretariat. If there was no objection, he would take it that the Council wished to adopt draft decision E/1991/L.38.

The draft decision was adopted [decision 1991/274].

4. The PRESIDENT said that, in the light of the adoption of draft decision E/1991/L.38, draft decision E/1991/L.31 was withdrawn by its sponsor.

It was so decided.

5. Mr. ISMAIL (Malaysia), speaking in his capacity as Vice-President of the Council, introduced the draft decision entitled "Report of the Committee for Development Planning" (E/1991/L.39), based on informal consultations held on draft resolution E/1991/L.32 and draft decision E/1991/L.33, both submitted at the 29th meeting. Draft decision E/1991/L.39 had been arrived at by consensus after intensive informal consultations and was designed to incorporate and replace draft resolution E/1991/L.32 and draft decision E/1991/L.33. He wished, however, to introduce some oral revisions into operative paragraph 3 of draft decision E/1991/L.39. As reworded paragraph 3 would read: "*Invites* interested Governments, with technical advice from appropriate United Nations bodies, if necessary, to make available their comments at the forty-sixth session of the General Assembly". He commended the draft decision, as orally revised, to the Council for adoption.

6. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt draft decision E/1991/L.39 as orally revised.

The draft decision, as orally revised, was adopted [decision 1991/275].

7. Mr. CHABALA (Zambia) said that his delegation, which had proposed draft decision E/1991/L.33, had been happy to join in the approval by consensus of draft decision E/1991/L.39 submitted by the Vice-President. It had done so, however, on the clear understanding that the General Assembly would be able to consider the

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* Resumed from the 29th meeting.

matter fully at its forty-sixth session and take a decision. He regretted that, for various reasons which he trusted would not apply at the forty-sixth session of the General Assembly, the Council had been unable to consider the matter at the current session.

8. The PRESIDENT said that, in the light of the adoption of draft decision E/1991/L.39, he took it that draft resolution E/1991/L.32 and draft decision E/1991/L.33 had been withdrawn by their sponsors.

It was so decided.

9. Mr. ISMAIL (Malaysia), speaking in his capacity as Vice-President of the Council, introduced the draft resolution entitled "Special assistance to Namibia" (E/1991/L.40), based on the informal consultations held on draft resolution E/1991/L.35 introduced at the 29th meeting. Draft resolution E/1991/L.40 was the outcome of intensive but productive informal consultations on draft resolution E/1991/L.35 and he commended it for adoption by the Council.

10. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt draft resolution E/1991/L.40.

The draft resolution was adopted [resolution 1991/50].

11. The PRESIDENT said that, in the light of the adoption of draft resolution E/1991/L.40, he took it that draft resolution E/1991/L.35 was withdrawn by its sponsor.

It was so decided.

12. The PRESIDENT proposed a draft decision concerning documents considered by the Council in connection with agenda item 2. The text of the draft decision was the following:

> "The Economic and Social Council takes note of the following documents:
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> "(*a*) *World Economic Survey, 1991* (E/1991/75);
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> "(*b*) Report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries (A/46/132-E/1991/58);
>
> "(*c*) Report of the Committee for Development Planning on its twenty-seventh session (E/1991/32);
>
> "(*d*) Summary of the economic and social survey of Asia and the Pacific, 1990 (E/1991/45);
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> "(*e*) Summary of the economic survey of Latin America and the Caribbean, 1990 (E/1991/56);
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> "(*f*) Summary of the economic survey of Europe, 1990-1991 (E/1991/64);
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> "(*g*) Summary of the survey of economic and social conditions in Africa, 1989-1990 (E/1991/70);
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> "(*h*) Report of the Secretary-General on strengthening multilateral cooperation in international economic affairs (E/1991/72);
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> "(*i*) Summary of the survey of economic and social conditions in the region of the Economic and Social Commission for Western Asia, 1990 (E/1991/92);
>
> "(*j*) Letter dated 8 July 1991 from the Permanent Representative of Ghana to the United Nations addressed to the President of the Economic and Social Council (E/1991/115);
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> "(*k*) Note verbale dated 18 July 1991 from the Permanent Mission of Madagascar to the United Nations addressed to the President of the Economic and Social Council (E/1991/120);
>
> "(*l*) Note by the Secretariat concerning reports submitted by specialized agencies in pursuance of paragraph 11 of Council resolution 1989/114 (E/1991/INF.6 and Add.1)."

If there was no objection, he would take it that the Council wished to adopt the draft decision.

The draft decision was adopted [decision 1991/276].

13. The PRESIDENT said that the Council had concluded its consideration of agenda item 2.

AGENDA ITEM 3

Revitalization of the Economic and Social Council (*concluded*)[**]

14. The PRESIDENT said that, in the absence of any draft proposals under agenda item 3, he would propose the following draft decision for consideration by the Council:

> "The Economic and Social Council takes note of the report made by the President of the Council at the 27th plenary meeting, on 16 July 1991, on all relevant issues pertaining to the review of the implementation of the measures agreed upon for the revitalization of the Council."

If there was no objection, he would take it that the Council wished to adopt the draft decision.

The draft decision was adopted [decision 1991/277].

15. The PRESIDENT said that the Council had concluded its consideration of agenda item 3.

AGENDA ITEM 4

Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries (*concluded*)[***]

16. The PRESIDENT said that, in the absence of any draft proposals under agenda item 4, he wished to pro-

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[**] Resumed from the 28th meeting.

[***] Resumed from the 26th meeting.

pose the following draft decision for consideration by the Council:

> "The Economic and Social Council takes note of the note by the Secretary-General on the implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, by the bodies of the United Nations system (E/1991/96)."

If there was no objection, he would take it that the Council wished to adopt the draft decision.

The draft decision was adopted [decision 1991/278].

17. The PRESIDENT said that the Council had concluded its consideration of agenda item 4.

AGENDA ITEM 5

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*concluded*)

18. Mr. ISMAIL (Malaysia), speaking in his capacity as Vice-President of the Council, introducing draft decision E/1991/L.41, said it was the outcome of very productive informal consultations on draft resolution E/1991/L.36, which was introduced at the 30th meeting. A final formulation had been accepted by the sponsors, joined by Pakistan, Viet Nam and Zambia, which differed slightly from the text in document E/1991/L.41 and which read:

> "After considering the draft resolution entitled 'Israeli settlements in the Palestinian territory, the Syrian Golan and the other occupied Arab territories' (E/1991/L.36), and in view of the special importance of the subject and the constraints of time, the Council decides to refer the draft resolution to the General Assembly at its forty-sixth session for consideration."

He commended the draft decision, as orally revised, to the Council for adoption.

19. Mr. STOBY (Secretary of the Council) suggested that, in keeping with the customary formulation, the draft decision should begin with the words "The Economic and Social Council,".

20. Ms. CHAALAN (Syrian Arab Republic), speaking on behalf of the sponsors, said that the Secretary's suggestion was quite acceptable. She wished, however, to point out a printing error in draft resolution E/1991/L.36: the words "of the Palestinian territory" should be deleted from the second line of operative paragraph 4.

21. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt the draft decision as orally revised.

The draft decision, as orally revised, was adopted [decision 1991/279].

22. The PRESIDENT proposed the following draft decision for consideration by the Council:

> "The Economic and Social Council takes note of the report of the Secretary-General on Israeli land and water policies and practices in the occupied Palestinian and other Arab territories (A/46/263-E/1991/88)."

If there was no objection, he would take it that the Council wished to adopt the draft decision.

The draft decision was adopted [decision 1991/280].

23. The PRESIDENT said that the Council had concluded its consideration of agenda item 5.

AGENDA ITEM 6

International cooperation to study, mitigate and minimize the consequences of the disaster at Chernobyl (*concluded*)

24. Mr. ISMAIL (Malaysia), speaking in his capacity as Vice-President of the Council, said that Bahrain, Cuba, Czechoslovakia, Greece, Pakistan, Peru, Poland and Thailand had joined the 43 original sponsors of draft resolution E/1991/L.37. The text had been endorsed unanimously in informal consultations and he commended it to the Council for adoption.

25. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to adopt the draft resolution.

The draft resolution was adopted [resolution 1991/51].

26. The PRESIDENT said that the Council had concluded its consideration of agenda item 6.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued*)****

27. The PRESIDENT asked the Secretary to inform the Council of some modifications to be incorporated in the calendar of conferences for 1991.

28. Mr. STOBY (Secretary of the Council) said that the modifications affected the calendar of conferences for 1991 and had not therefore been an issue under the item "Calendar of conferences for 1992-1993" which had been discussed in the Third (Programme and Coordination) Committee. The Secretariat had been approached by the United Nations Group of Experts on

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**** Resumed from the 25th meeting.

Geographical Names with a request that its fifteenth session, currently scheduled from 16 to 20 September 1991 in Geneva, should be rescheduled for 7 to 18 October 1991. In addition, the Working Group of the Commission on Human Rights on Enforced or Involuntary Disappearances had requested that its thirty-fifth session scheduled from 18 to 29 November 1991 at Geneva should be rescheduled for 28 October to 8 November 1991. The changes would not cause any technical difficulties for the Secretariat.

29. The PRESIDENT said that, if there was no objection, he would take it that the Council approved the modifications in the calendar of conferences for 1991 as announced by the Secretary.

It was so decided [decisions 1991/281, 1991/282].

AGENDA ITEM 19

Elections

30. The PRESIDENT said that a number of elections had been postponed from previous sessions, and were listed in the annotated provisional agenda E/1991/100/Add.1.

POPULATION COMMISSION

31. The PRESIDENT said that the Secretariat had been informed that Pakistan was a candidate for the vacancy for Asian States for a four-year term beginning on 1 January 1992. If there was no objection, he would take it that the Council wished to elect Pakistan to the Population Commission.

Pakistan was elected to the Population Commission by acclamation [see decision 1991/283].

INTERGOVERNMENTAL WORKING GROUP OF EXPERTS ON INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING

32. The PRESIDENT said the Secretariat had been informed that Mauritius was a candidate for the vacancy for African States in the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, for a term beginning on the date of election and expiring on 31 December 1993. If there was no objection, he would take it that the Council wished to elect Mauritius to the Working Group.

Mauritius was elected to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting by acclamation [see decision 1991/283].

33. The PRESIDENT said the Secretariat had been informed that Jordan and Pakistan were candidates for two of the vacancies for Asian States in the Working Group for a three-year term beginning on 1 January 1992. If there was no objection, he would take it that the Council wished to elect Jordan and Pakistan for those vacancies.

Jordan and Pakistan were elected to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting by acclamation [see decision 1991/283].

COMMITTEE ON CRIME PREVENTION AND CONTROL

34. The PRESIDENT said that owing to the resignation of Mr. Jacek Kubiak (Poland) from the Committee, the Council was called upon to elect one member to complete Mr. Kubiak's term, which would expire on 31 December 1992. The Government of Poland had submitted the candidature of Mr. Jerzy Jasinski, whose curriculum vitae was contained in document E/1991/117. In the absence of any other candidate, he would take it, if there was no objection, that the Council wished to elect Mr. Jasinski to complete the term of Mr. Kubiak.

Mr. Jerzy Jasinski (Poland) was elected a member of the Committee on Crime Prevention and Control by acclamation [see decision 1991/283].

35. The PRESIDENT said that the Secretariat had not been informed of any candidacies for the remaining postponed elections listed in document E/1991/100/Add.1. If there was no objection, he would take it that, in the absence of any additional nominations, the Council wished to postpone those elections to a future session.

It was so decided [see decision 1991/283].

AGENDA ITEM 8

Development and international economic cooperation

(*a*) Trade and development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/123)

36. The PRESIDENT drew attention to the draft resolution in paragraph 11 of the report of the First (Economic) Committee, which the Committee recommended to the Council for adoption.

The draft resolution was adopted [resolution 1991/52].

(*b*) Food and agriculture

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/123)

37. The PRESIDENT drew attention to the draft resolution in paragraph 19 of the report of the First (Economic) Committee, which the Committee recommended to the Council for adoption.

The draft resolution was adopted [resolution 1991/53].

38. The PRESIDENT announced that the Council had concluded its consideration of agenda items 8 (*a*) and 8 (*b*).

(*c*) Science and technology for development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/124).

39. The PRESIDENT drew attention to the draft decision entitled "Report of the Intergovernmental Committee on Science and Technology for Development" contained in paragraph 7 of the report of the First (Economic) Committee which the Committee recommended to the Council for adoption.

The draft decision was adopted [decision 1991/284].

(*d*) Transnational corporations

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/124).

40. The PRESIDENT drew attention to the three draft resolutions on transnational corporations, which the First (Economic) Committee recommended to the Council for adoption. Draft resolution I was to be found in paragraph 19 of the report of the Committee (E/1991/124), and draft resolutions II and III were to be found in the report of the Commission on Transnational Corporations on the seventeenth session (E/1991/31, chap. I, sect. A).

41. Draft resolution I, entitled "Activities of transnational corporations in South Africa" had been adopted by the Committee by 27 votes to 11, with 7 abstentions. The representative of Canada had requested a roll-call vote by the Council on operative paragraph 3, as well as on the draft resolution as a whole, while the representative of Zambia had requested a roll-call vote on operative paragraph 4.

A vote was taken by roll-call on operative paragraph 3 of draft resolution I.

Iran (Islamic Republic of), having been drawn by lot by the President, was called upon to vote first.

In favour: Algeria, Argentina, Bahamas, Bahrain, Brazil, Burkina Faso, Cameroon, Chile, China, Ecuador, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Malaysia, Mexico, Morocco, Pakistan, Peru, Rwanda, Somalia, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Yugoslavia, Zambia.

Against: Austria, Canada, Czechoslovakia, Finland, France, Germany, Italy, Japan, Netherlands, New Zealand, Romania, Spain, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Botswana, Bulgaria, Sweden, Zaire.

Operative paragraph 3 of draft resolution I was adopted by 30 votes to 15, with 4 abstentions.

A vote was taken by roll-call on operative paragraph 4 of draft resolution I.

Jamaica, having been drawn by lot by the President, was called upon to vote first.

In favour: Algeria, Argentina, Bahamas, Bahrain, Brazil, Burkina Faso, Cameroon, Chile, China, Ecuador, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Malaysia, Mexico, Morocco, Pakistan, Peru, Rwanda, Somalia, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Yugoslavia, Zambia.

Against: Austria, Canada, Czechoslovakia, Finland, France, Germany, Italy, Japan, Netherlands, New Zealand, Romania, Spain, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Botswana, Bulgaria, Sweden, Zaire.

Operative paragraph 4 of draft resolution I was adopted by 30 votes to 15, with 4 abstentions.

A vote was taken by roll-call on draft resolution I as a whole.

Jordan, having been drawn by lot by the President, was called upon to vote first.

In favour: Algeria, Argentina, Bahamas, Bahrain, Brazil, Burkina Faso, Cameroon, Chile, China, Ecuador, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Malaysia, Mexico, Morocco, Pakistan, Peru, Rwanda, Somalia, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Yugoslavia, Zambia.

Against: France, Germany, Italy, Japan, Netherlands, Spain, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Botswana, Bulgaria, Canada, Czechoslovakia, Finland, New Zealand, Romania, Sweden, Zaire.

Draft resolution I as a whole was adopted by 30 votes to 9, with 10 abstentions [resolution 1991/54].

42. The PRESIDENT asked whether any delegations wished to make statements in explanation of vote.

43. Mr. BODDENS-HOSANG (Netherlands), speaking on behalf of the European Community and its member States, said that they had all voted against the draft resolution for the reasons they had already given in the First (Economic) Committee.

44. Mr. CHABALA (Zambia) thanked all delegations that had voted in favour of the draft resolution. His delegation regarded them as steadfast fighters for freedom and democracy in South Africa, the struggle of whose oppressed people had become more difficult at the very

time when it was generally assumed to be nearing its end. He wondered whether those delegations who wished recent developments in South Africa to be reflected in all resolutions would have preferred the sponsors of the draft resolution to reflect in their turn the revelations of secret funding by the South African regime of the political activities of a rival black party. Those revelations and the admissions of the regime illustrated the double agenda of President De Klerk and his cabinet. According to a recent news item, it had been characterized by Mr. S. B. Cohen, former United States of America Under-Secretary of State for Human Rights, as "freeing Nelson Mandela, unbanning anti-apartheid opposition and dismantling much of apartheid's legal structure, but at the same time orchestrating violence against the Government's chief rival, the African National Congress". Recent events in South Africa amply demonstrated that it did not as yet possess the credentials for admission to the councils of the civilized world, as epitomized by the United Nations. Much remained to be done, and the people of South Africa would need the continued support of the international community to overcome the difficulties impeding the completion of the tasks that had to be accomplished before the commencement of negotiations on a democratic constitution. The key instrument was the maintenance of sanctions and all forms of pressure as reflected in the General Assembly resolution on those matters adopted in December 1989. He regretted the premature and unfortunate lifting of sanctions by some Member States, which was another example of betrayal of a solemn consensus and the practising of double standards. Pressure must be maintained until a Government was installed that was credible enough to inspire confidence in its capability to end violence in South Africa; all remaining racial laws were repealed; all political prisoners were released; all political trials were ended; all exiles were allowed to return; and an atmosphere of trust and confidence was re-established among all political parties genuinely committed to democratic transformation.

45. Mr. MALONE (Canada) said that his delegation had abstained in the vote on the draft resolution although there was much in it that deserved support, such as the call to strengthen land reform, and the recognition of home-country responsibilities, of the contributions which transnational corporations could make to building post-apartheid South Africa, and of the role of the United Nations as a clearing-house for information. Canada was, however, firmly opposed to paragraphs 3 and 4 and had voted against them considering them to be damaging nonsense and unacceptable. It made no sense, on the one hand, to tell transnational corporations to abandon South Africa, and, on the other, to ask them to help rebuild it. The most effective contribution of transnational corporations would come from those that had experience on the ground. There was, moreover, no basis whatsoever for insinuating that international financial institutions were supporting apartheid. They too would have a role to play in the construction of a new South Africa.

46. Canada subscribed to the Commonwealth conditions for a phased lifting of sanctions, which were: that "people sanctions" should be lifted when repression affecting political prisoners and exiles, and security and apartheid legislation were removed—that had not been fully performed as far as the first two were concerned; economic sanctions should be lifted when there was a further major step towards constitutional reform, and military sanctions when a new constitution was in place.

47. Mr. KOIKE (Japan) said that Japan was firmly opposed to racial discrimination in all its guises and fervently hoped for a peaceful and negotiated settlement of the apartheid problem. There had recently been significant progress towards the dismantling of apartheid, and the adoption of legislation to repeal its legal basis was particularly welcome. Regrettably, the draft resolution did not take such recent positive developments into account and contained elements to which his delegation could not subscribe, particularly in paragraphs 3 and 4. His delegation had felt obliged to vote against it.

48. Mr. ZHITNIKOV (Union of Soviet Socialist Republics) said that his country's position on the situation in South Africa had been set out in his delegation's earlier statement to the Council. The Soviet Union was closely following the progress in eradicating apartheid and in democratization in that country, but the situation was somewhat complicated. His delegation had voted in favour of the draft resolution because it believed that such a text would assist efforts to speed up the process of eradicating apartheid. It hoped that the situation in South Africa would soon become much clearer, and that the Council and General Assembly would be able to reach a consensus in appraising it.

49. Mr. MARKS (United States of America) said that his delegation had voted against the draft resolution because of its opposition to paragraphs 3 and 4, about whose validity he shared the views expressed by the delegation of Canada. The United States of America remained committed to the worthwhile parts of the text; his country's support for the oppressed peoples of southern Africa compared favourably with anyone's, and its record of genuine assistance was better than most. It was a matter for deep regret that so many Governments remained mired in the past, persisted in maintaining an unhelpful attitude and cast unwarranted aspersions on the motives of others. He reiterated his Government's commitment to promoting positive changes in South Africa, but regretted that some delegations displayed no confidence in the process under way.

50. The PRESIDENT invited the Council to consider draft resolution II, entitled "Recommendations of the Commission on Transnational Corporations at its seventeenth session and its contribution to the preparations for the United Nations Conference on Environment and Development". If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/55].

51. Mr. KOIKE (Japan) said, in explanation of vote, that his delegation, while joining the consensus in adopting that text, could not fully associate itself with part II. The first reason was that, in his country's view, the Centre on Transnational Corporations should focus its activities on areas in which it had a comparative advantage, and therefore should not engage further in environmental matters, for which other United Nations bodies were more competent. The second was that his delegation found it hard to agree to the concept that the environmental standards applicable in the home countries of transnationals should apply also to their foreign operations; the proposed concept would merely lead to confusion arising from activities in a country by transnational corporations from different countries of origin.

52. The PRESIDENT invited the Council to consider draft resolution III, entitled "Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting". If there was no objection, he would take it that the Council wished to adopt that draft resolution.

It was so decided [resolution 1991/56].

53. The PRESIDENT invited the Council to consider the draft decision entitled "Provisional agendas and documentation for the eighteenth and nineteenth sessions of the Commission on Transnational Corporations" (E/1991/31, chap. I, sect. B). If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided [decision 1991/285].

54. The PRESIDENT invited the Council to consider draft decision II, entitled "Reports considered by the Economic and Social Council in connection with the question of transnational corporations", the text of which was contained in paragraph 20 of the report of the First (Economic) Committee. If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided [decision 1991/286].

55. The PRESIDENT said that the Council had concluded its consideration of agenda item 8 (*c*).

(*k*) Transport of dangerous goods

REPORT OF THE FIRST (ECONOMIC) COMMITTEE
(E/1991/127)

56. The PRESIDENT invited the Council to consider the draft resolution entitled "Work of the Committee of Experts on the Transport of Dangerous Goods", which was contained in paragraph 6 of the report, and which the Committee recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/57].

57. The PRESIDENT said that the Council had concluded its consideration of agenda item 8 (*k*).

AGENDA ITEM 15

International Decade for Natural Disaster Reduction

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/136)

58. The PRESIDENT invited the Council to consider the draft resolution entitled "International Decade for Natural Disaster Reduction" contained in paragraph 19 of the report, which the Committee recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/58].

59. The PRESIDENT said that the Council had concluded its consideration of agenda item 15.

AGENDA ITEM 16

Disaster reduction and relief

(*a*) Fight against the screw-worm infestation

(*b*) International strategy for the fight against locust and grasshopper infestation, particularly in Africa

(*c*) Disaster relief coordination

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/137)

60. The PRESIDENT invited the Council to consider the draft resolution in paragraph 22 and the draft decision in paragraph 23 of the report which were recommended to the Council for adoption.

Draft resolution: Fight against the screw-worm infestation

The draft resolution was adopted [resolution 1991/59].

Draft decision: Implementation of the international strategy for the fight against locust and grasshopper infestation, particularly in Africa

The draft decision was adopted [decision 1991/287].

61. Mr. BAIER (Austria) said, in explanation of vote, that during discussions in the Third (Programme and Coordination) Committee his delegation had expressed its regret and concern that the note of the Secretary-General on strengthening the Office of the United Nations Disaster Relief Coordinator (E/1991/121) had not been available. Although the document had subsequently been circulated, the wording in paragraph 1 of the Committee's

report was erroneous in suggesting that the Committee had had that document before it.

62. The PRESIDENT said that the Council had concluded its consideration of agenda item 16.

AGENDA ITEM 17

Special economic and humanitarian assistance

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/138)

63. The PRESIDENT invited the Council to consider the three draft resolutions in paragraph 26 of the report which the Committee recommended to the Council for adoption.

64. Mr. STOBY (Secretary of the Council) drew attention to two corrections to the text of the report. In paragraph 10, the words following "International Committee of the Red Cross" should all be deleted. In paragraph 20, the text should be amended to include the delegations of Brazil and Czechoslovakia in the sponsors of draft resolution E/1991/C.3/L.4, entitled "Assistance for the reconstruction and development of Lebanon".

Draft resolution I: Critical humanitarian situation in the Horn of Africa

The draft resolution was adopted [resolution 1991/60].

Draft resolution II: Assistance for the reconstruction and development of Lebanon

65. Mr. CHABALA (Zambia) said that his delegation should be added to the sponsors of the draft resolution.

The draft resolution was adopted [resolution 1991/61].

Draft resolution III: Assistance to Yemen

The draft resolution was adopted [resolution 1991/62].

66. The PRESIDENT said that the Committee, in paragraph 27 of its report, recommended to the Council the adoption of a draft decision entitled "Emergency and relief operations". If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided [decision 1991/288].

67. The PRESIDENT said that the Council had concluded its consideration of agenda item 17.

AGENDA ITEM 18

Report of the United Nations High Commissioner for Refugees

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/139)

68. The PRESIDENT invited the Council to consider the draft resolution in paragraph 21, and the two draft decisions in paragraph 22 of the report which were recommended to the Council for adoption.

Draft resolution: Enlargement of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees

The Draft resolution was adopted [resolution 1991/63].

Draft decision I: Response of the United Nations to emergencies

Draft decision I was adopted [decision 1991/289].

69. Mr. ter HORST (Director-General for Development and International Economic Cooperation) expressed his thanks to the Chairman of the Third (Programme and Coordination) Committee for the Committee's work, which would doubtless assist the Secretary-General in formulating his conclusions and recommendations to the General Assembly at its forty-sixth session. As stated in the note by the Secretary-General pursuant to General Assembly resolution 45/221 (E/1991/79), the Secretary-General would provide the Assembly with a system-wide review containing, *inter alia*, an assessment of the various bodies' experience and capacity in assisting all categories of refugees, displaced persons and returnees, in support of the efforts of the affected countries to address the problem, as requested in Council resolution 1990/78 of 27 July 1990.

Draft decision II: Report of the United Nations High Commissioner for Refugees

Draft decision II was adopted [decision 1991/290].

70. The PRESIDENT said that the Council had concluded its consideration of agenda item 18.

The meeting rose at 12.25 p.m

32nd meeting

Friday, 26 July 1991, at 4.30 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.32

AGENDA ITEM 8

Development and international economic cooperation (*continued*)

(*d*) Transnational corporations

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/124) (*concluded*)

1. Mr. NADIF (Jordan) said that had his delegation been present at the 31st meeting during the vote on draft resolution I entitled "Activities of transnational corporations in South Africa", which the Committee recommended to the Council for adoption in paragraph 19 of its report, and during the separate vote on operative paragraphs 3 and 4, it would have voted in favour of the two paragraphs and of the draft resolution as a whole.

2. The PRESIDENT said that the Secretariat had taken due note of the statement by the representative of Jordan. He invited the Council to continue its consideration of the draft resolutions and decisions submitted to it in the reports of the First (Economic) and Third (Programme and Coordination) Committees, in the order in which those reports were distributed in all the working languages.

3. The President said that the Council had concluded its consideration of agenda item 8 (*d*).

(*l*) Effective mobilization and integration of women in development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/128)

4. The PRESIDENT invited the Council to consider the draft resolution entitled "Summit on the Economic Advancement of Rural Women", contained in paragraph 7 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/64].

5. The PRESIDENT invited the Council to consider the draft decision entitled "Note by the Secretary-General on the effective mobilization and integration of women in development", contained in paragraph 8 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided [decision 1991/291].

(*m*) World Decade for Cultural Development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/129)

6. The PRESIDENT invited the Council to consider the draft resolution entitled "World Decade for Cultural Development", contained in paragraph 7 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/65].

7. The PRESIDENT said that the Council had concluded its consideration of agenda items 8 (*l*) and 8 (*m*).

AGENDA ITEM 9

Industrial development cooperation and the diversification and modernization of productive activities in developing countries

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/130)

8. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Director General of the United Nations Industrial Development Organization on industrial development cooperation and the diversification and modernization of productive activities in developing countries", contained in paragraph 5 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided [decision 1991/292].

9. The PRESIDENT said that the Council had concluded its consideration of agenda item 9.

AGENDA ITEM 12

Coordination questions

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/133)

10. The PRESIDENT invited the Council to consider draft resolution I, entitled "Prevention and control of acquired immuno-deficiency syndrome (AIDS)", contained in paragraph 29 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/66].

11. The PRESIDENT drew the attention of the Council, in connection with draft resolution II entitled "Report of the Committee for Programme and Coordination", contained in the same paragraph of the report, to the programme budget implications of the recommendations contained in the report of CPC on its thirty-first session (E/1991/L.28).

12. Mr. STOBY (Secretary of the Council) said that the fifth preambular paragraph should become operative paragraph 1 of section I and that the following paragraphs in that section should be renumbered accordingly.

13. Mr. ETUKET (Observer for Uganda) said that the words "including those referred to" had been omitted in original paragraph 9 and should be inserted before the words "in paragraphs".

The draft resolution, as orally amended, was adopted [resolution 1991/67].

14. The PRESIDENT invited the Council to consider the draft decision entitled "Reports considered by the Economic and Social Council in connection with coordination questions", contained in paragraph 30 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided [decision 1991/293].

15. The PRESIDENT said that the Council had concluded its consideration of agenda item 12.

AGENDA ITEM 13

Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/134)

16. The PRESIDENT recalled that the Third Committee had adopted by a roll-call vote draft resolution I, entitled "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations", contained in paragraph 17 of the report. Since the delegation that had requested the vote had not made the same request in plenary, he invited the Council to vote by show of hands.

The draft resolution was adopted by 51 votes to none, with 1 abstention [resolution 1991/68].

17. The PRESIDENT invited the Council to consider draft resolution II, entitled "Assistance to the Palestinian people", contained in the same paragraph of the report of the Committee.

18. Mr. STOBY (Secretary of the Council) pointed out that, contrary to what was stated in paragraph 14 of the report of the Third Committee, the Committee had adopted draft resolution II by 48 votes to 1.

19. Mr. MASRI (Syrian Arab Republic) said that his delegation wished to join the sponsors of draft resolution II.

20. The PRESIDENT said that it was not possible to comply with the request of the representative of the Syrian Arab Republic because the draft resolution had already been adopted by the Committee that had dealt with it. However, his request would be recorded in the report of the Council.

Draft resolution II was adopted by 48 votes to 1 [resolution 1991/69].

21. Mr. MARKS (United States of America), speaking in explanation of vote, said that he had voted against the draft resolution because it had raised a number of complex issues concerning the status of the occupied territories, which could be resolved only in the context of a just, lasting and comprehensive settlement of the Middle East conflict. The United States of America was currently engaged in very intensive discussions with Arab and Israeli leaders in an attempt to bring them to the negotiating table, for negotiations which should be based on Security Council resolutions 242 (1967) of 22 November 1967 and 338 (1973) of 22 October 1973. It would be necessary to elaborate the principle of exchanging territory for peace to provide for Israel's security and the recognition of its legitimacy and, at the same time, for recognition of Palestinian political rights. Unfortunately, the wording of the resolution adopted implied Palestinian statehood which the United States did not recognize. His Government also rejected the idea that assistance to the Palestinian people should be channelled through the PLO. That, however, did not in any way prevent the United States from providing and continuing to provide the Palestinians with substantial assistance through UNRWA, UNDP and private voluntary organizations.

22. Mr. MALONE (Canada), speaking in explanation of vote, said that his delegation had voted in favour of the resolution just adopted because the economic situation of the Palestinians of the occupied territories had deteriorated during the past year. His Government there-

fore supported both Canadian and international aid programmes through non-governmental organizations and international organizations such as UNRWA, ICRC and WHO. His Government had continued its support despite the cut-backs which it had had to make to its overall development assistance budget. His delegation, however, wished to express reservations about the language of some of the provisions of the resolution such as the sixth preambular paragraph and some paragraphs, including paragraph 3.

23. The PRESIDENT said that the Council had concluded its consideration of agenda item 13.

AGENDA ITEM 14

Programme and related questions

(*a*) **Proposed programme budget for the biennium 1992-1993**

(*b*) **Calendar of conferences**

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/135)

24. The PRESIDENT invited the Council to consider draft decisions I and II, entitled "Calendar of conferences and meetings for 1992 and 1993" and "Summary records of sessional committees and subsidiary bodies of the Economic and Social Council", contained in paragraph 13 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft decisions.

It was so decided [decisions 1991/294 and 1991/295].

25. The PRESIDENT said that the Council had concluded its consideration of agenda item 14.

AGENDA ITEM 10

International cooperation in the field of informatics

REPORT OF THE FIRST (ECONOMIC) COMMITTEE
(E/1991/131)

26. The PRESIDENT invited the Council to consider draft resolutions I and II, entitled "The need to harmonize and improve United Nations informatics systems for optimal utilization and accessibility by all States" and "International cooperation in the field of informatics", contained in paragraph 14 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolutions.

It was so decided [resolutions 1991/70 and 1991/71].

27. The PRESIDENT said that the Council had concluded its consideration of agenda item 10.

The meeting was suspended at 5.05 p.m. and resumed at 5.45 p.m.

AGENDA ITEM 11

Operational activities for development

REPORT OF THE THIRD (PROGRAMME AND COORDINATION) COMMITTEE
(E/1991/132)

28. Mr. GONZALEZ de LINARES (Spain) said that the report of the Third Committee had still not been distributed in Spanish. It was therefore difficult for him to reach a decision on the Committee's recommendations and he would like the Council to postpone consideration of them until they were available in all the language versions.

29. Miss POIRET (France) said that she supported the request by the representative of Spain.

30. The PRESIDENT asked for the indulgence of the Council: the recommendations of the Committees had been thoroughly debated in those bodies and the members of the Council knew them well. The Secretariat had spared no effort and had done its utmost to distribute all the chapters of the reports of the Committee in time in as many languages as possible. If the Council insisted on waiting to have them in all languages before taking decisions it ran the risk of prolonging its work considerably.

31. Mr. GONZALEZ de LINARES (Spain) said that he would defer to the President's appeal but did so reluctantly.

32. The PRESIDENT invited the Council to consider draft resolutions I and II, entitled "Revision of the General Regulations of the World Food Programme and membership of the Committee on Food Aid Policies and Programmes of the World Food Programme" and "Target for World Food Programme pledges for the period 1993-1994", contained in paragraph 23 of the report and which the Committee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft resolutions.

It was so decided [resolutions 1991/77 and 1991/78].

33. The PRESIDENT invited the Council to consider draft decisions I to IV, entitled "Summary of the Chairman of the Third (Programme and Coordination) Committee on operational activities for development", "Efficiency of programming", "Revision of the General Regulations of the World Food Programme", and "Documents considered by the Economic and Social Council in connection with the question of operational activities for development", contained in paragraph 24 of the report and which the Comnmittee had recommended to the Council for adoption. If there was no objection, he would take it that the Council wished to adopt the draft decisions.

It was so decided [decisions 1991/296, 1991/297, 1991/298 and 1991/299].

AGENDA ITEM 7

Regional cooperation

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

(Parts I and II) (E/1991/122 and Add.1)

34. The PRESIDENT invited the Council to consider draft resolution I, entitled "Membership of Israel in the Economic Commission for Europe", contained in part I, paragraph 27 of the report and which the Committee had recommended to the Council for adoption.

35. Mr. OMAR (Observer for the Libyan Arab Jamahiriya), speaking on behalf of the Arab countries, said that Israel justified its application for membership of ECE by invoking the principles of equality, sovereignty and universality enshrined in the Charter of the United Nations; however, by granting that request, the Council and subsequently the General Assembly "would be rewarding" in a way a State that was guilty of serious violations of those very principles because it continued to frustrate the desire for self-determination of the Palestinian people, was unrelenting in its indisputable belligerence and opposed the establishment of a just and lasting peace in the Middle East. Under those conditions, the attitude of the United Nations would be tantamount to using "double standards" and would seriously jeopardize the establishment of a new international order. The Arab countries, which had right and justice on their side, were therefore strongly opposed to the admission of Israel to ECE.

36. Mr. LIOR (Observer for Israel) said that the adoption of draft resolution I would be extremely positive for many while no one would be the worse for it. The United Nations itself would be the first to gain by becoming rather more equitable and impartial. The winners would be those States which supported the draft resolution under consideration, in particular those which argued in favour of respecting certain major principles and refused to listen to the political arguments, valid or not, that were incessantly repeated in other forums on the circumstances surrounding the conflict in the Middle East. Lastly, the third major winner would be the peace process itself, because it would advance as soon as the discriminatory treatment of Israel yielded. The hope for an early start to the peace conference in the Middle East must certainly be shared by all members of the Council. He wished to stress once again that the admission of Israel to ECE was the natural consequence of its close economic ties with the members of the Commission. Israel, however, regarded its natural place as being in the Western Asia region and looked forward to the opportunity of taking its rightful place there.

37. Mr. HOMAEI-NEJAD (Islamic Republic of Iran), speaking in explanation of vote before the vote, said that, as his delegation had indicated in the First Committee, it would vote against draft resolution I. The Zionist regime was based on aggression against Palestine and it was intolerable that oppression was continuing in the Palestinian and other occupied Arab territories. His delegation did not recognize that regime and therefore rejected the draft resolution.

38. The PRESIDENT took it that the Council wished to take a vote by roll-call on draft resolution I.

The Islamic Republic of Iran, having been drawn by lot by the President, was called upon to vote first.

In favour: Argentina, Austria, Bahamas, Brazil, Bulgaria, Cameroon, Canada, Chile, Czechoslovakia, Ecuador, Finland, France, Germany, Italy, Jamaica, Japan, Kenya, Mexico, Netherlands, New Zealand, Peru, Romania, Spain, Sweden, Thailand, Togo, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Zaire.

Against: Algeria, Bahrain, Burkina Faso, Indonesia, Iran (Islamic Republic of), Iraq, Jordan, Malaysia, Morocco, Pakistan, Syrian Arab Republic, Tunisia, Zambia.

Abstaining: Botswana, China, Nicaragua, Trinidad and Tobago, Yugoslavia.

The draft resolution was adopted by 32 votes to 13, with 5 abstentions [resolution 1991/72].

39. Mr. MARKS (United States of America) said that Liechtenstein and Switzerland had asked to be included among the sponsors of the draft resolution.

40. The PRESIDENT said that the secretariat had taken note of the request and invited the Council to consider draft resolution II entitled "Cooperation in fisheries in Africa", III entitled "Europe-Africa permanent link through the Strait of Gibraltar", IV entitled "Phase II of the Transport and Communications Decade for Asia and the Pacific" and V entitled "Promotion of interregional cooperation in the area of international trade facilitation" contained in part I, paragraph 27 of the report, VI entitled "Admission of Macau as an associate member of the Economic and Social Commission for Asia and the Pacific", VII entitled "Admission of Kiribati as a full member of the Economic and Social Commission for Asia and the Pacific", VIII entitled "Second Industrial Development Decade in Africa (1991-2000)", IX entitled "Acceleration of the economic integration process in Africa and strengthening of the Multinational Programming and Operational Centres" and X entitled "Second United Nations Transport and Communications Decade in Africa", contained in part II, paragraph 17 of the report. If there was no objection, he would take it that the Council wished to adopt the draft resolutions.

It was so decided [resolutions 1991/73, 1991/74, 1991/75, 1991/76, 1991/79, 1991/80, 1991/81, 1991/82 and 1991/83].

41. The PRESIDENT invited the Council to consider draft decisions I entitled "Venue of the forty-eighth session of the Economic and Social Commission for Asia and the Pacific", II entitled "Venue of the 18th meeting of the Conference of Ministers of the Economic Commission for Africa", III entitled "Convening of an ad hoc group meeting of high-level experts", IV entitled

"Acceleration of the economic integration process in Africa and strengthening of the Multinational Programming and Operational Centres" and V entitled "Reports considered by the Economic and Social Council in connection with the question of regional cooperation", contained in part II, paragraph 17 of the report. If there was no objection, he would take it that the Council wished to adopt the draft decisions.

It was so decided [decisions 1991/300, 1991/301, 1991/302, 1991/303 and 1991/304].

42. The PRESIDENT said that the Council had concluded its consideration of agenda item 7.

AGENDA ITEM 8

Development and international economic cooperation (*concluded*)

(*e*) Natural resources

REPORT OF THE FIRST (ECONOMIC) COMMITTEE
(E/1991/125)

43. The PRESIDENT invited the Council to consider draft resolutions I entitled "International Conference on Water and the Environment", II entitled "Water resources development and progress in the implementation of the Mar del Plata Action Plan, III entitled "Development and efficient use of energy resources", IV entitled "Trends and salient issues in the development of mineral resources", V entitled "Permanent sovereignty over natural resources", VI entitled "New techniques, including remote sensing, for identifying, exploring for and assessing natural resources", VII entitled "Coordination of programmes within the United Nations system in the field of natural resources and VIII entitled "United Nations Revolving Fund for Natural Resources Exploration", contained in the report of the Committee on Natural Resources on its twelfth session (E/1991/29, chap. I, sect. A). If there was no objection, he would take it that the Council wished to adopt the draft resolutions.

It was so decided [resolutions 1991/84, 1991/85, 1991/86, 1991/87, 1991/88, 1991/89, 1991/90 and 1991/91].

44. The PRESIDENT invited the Council to consider draft decisions I entitled "International Conference on Water and the Environment", II entitled "Disaster prevention and mitigation in developing and utilizing natural resources" and III entitled "Report of the Committee on Natural Resources on its twelfth session and provisional agenda for the thirteenth session of the Committee", contained in the report of the Committee on Natural Resources on its twelfth session (E/1991/29, chap. I, sect. B). If there was no objection, he would take it that the Council wished to adopt the draft decisions.

It was so decided [decisions 1991/305, 1991/306 and 1991/307].

(*f*) Population

REPORT OF THE FIRST (ECONOMIC) COMMITTEE
(E/1991/125)

45. The PRESIDENT invited the Council to consider the draft resolution entitled "Work programme in the field of population", contained in the report of the Population Commission on its twenty-sixth session (E/1991/27, chap. I, sect. A), and the draft resolution entitled "International Conference on Population and Development", contained in the report of the Population Commission Acting as the Preparatory Committee for the 1994 International Meeting on Population (E/1991/47, chap. I). If there was no objection, he would take it that the Council wished to adopt the draft resolutions.

It was so decided [resolutions 1991/92 and 1991/93].

46. The PRESIDENT invited the Council to consider the draft decision entitled "Provisional agenda and documentation for the twenty-seventh session of the Population Commission", contained in the report of the Population Commission on its twenty-sixth session (E/1991/27, chap. I, sect. B), and the draft decision entitled "Report of the Population Commission Acting as the Preparatory Committee for the 1994 International Meeting on Population", contained in paragraph 33 of the report of the First Committee. If there was no objection, he would take it that the Council wished to adopt the draft decisions.

It was so decided [decisions 1991/308 and 1991/309].

(*g*) Statistics

REPORT OF THE FIRST (ECONOMIC) COMMITTEE
(E/1991/125)

47. The PRESIDENT invited the Council to consider the draft resolution entitled "Patterns of consumption and qualitative indicators of development", contained in paragraph 43 of the report. If there was no objection, he would take it that the Council wished to adopt the draft resolution.

It was so decided [resolution 1991/94].

48. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Statistical Commission on its twenty-sixth session and provisional agenda and documentation for the twenty-seventh session of the Statistical Commission", contained in the report of the Statistical Commission (E/1991/25 and Corr.1, chap. I, sect. A).

The draft decision was adopted [decision 1991/310].

(*h*) Human settlements

REPORT OF THE FIRST (ECONOMIC) COMMITTEE
(E/1991/126)

49. The PRESIDENT said that the French and Arabic versions of the report of the First Committee on the questions of human settlements, the environment, and desertification and drought (E/1991/126) were not yet available.

50. Miss POIRET (France) agreed that the Council should examine that report but said that she would not consider it officially adopted until the French version was at her disposal. While the Secretariat was undoubtedly being called upon to make considerable efforts, it was still unfortunate that work could not proceed on all language versions simultaneously.

51. The PRESIDENT invited the Council to consider draft decisions I and II, entitled "Report of the Commission on Human Settlements" and "Documents considered by the Economic and Social Council in connection with the question of human settlements", contained in paragraph 11 of the report.

The draft decisions were adopted [decisions 1991/311 and 1991/312].

(*i*) Environment

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/126)

52. The PRESIDENT invited the Council to consider the draft decision entitled "Reports considered by the Economic and Social Council in connection with the question of the environment", contained in paragraph 16 of the report.

The draft decision was adopted [decision 1991/313].

(*j*) Desertification and drought

REPORT OF THE FIRST (ECONOMIC) COMMITTEE (E/1991/126)

53. The PRESIDENT invited the Council to consider draft resolutions I and II, entitled "Second phase of the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification of the International Fund for Agricultural Development" and "Countries stricken by desertification and drought in Africa", contained in paragraph 32 of the report.

The draft resolutions were adopted [resolutions 1991/95 and 1991/96].

54. The PRESIDENT invited the Council to consider draft resolution III, entitled "Combating aridity, soil erosion, salinity, water-logging, desertification and the effects of drought in South Asia" contained in paragraph 32 of the report.

55. Mr. GAZOL (Nicaragua) asked that Nicaragua be added to the list of sponsors of the draft resolution.

56. The PRESIDENT said that the Secretariat would take note of that request.

The draft resolution was adopted [resolution 1991/97].

57. The PRESIDENT invited the Council to consider the draft decision entitled "Reports considered by the Economic and Social Council in connection with the question of desertification and drought", contained in paragraph 33 of the report.

The draft decision was adopted [decision 1991/314].

58. The PRESIDENT said that the Council had completed its consideration of all the sub-items of agenda item 8 and had concluded the work of the session.

Closure of the session

59. The PRESIDENT, summing up the Council's work at its second regular session of 1991, said that the session had been marked by changes which made it possible to glimpse the results of the efforts made by the member States to revitalize it.

60. The most important innovation had been the holding of the Special High-level Meeting with ministerial participation, on the impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries as well as on international economic cooperation. As it was the first meeting of its kind, there was still room for improvement in its organization by both the framework and the operation being improved through a non-structured exchange of views that would enable direct contact among delegations and the preparation of documents for the closure of the session which went beyond the President's summary. In that regard, the possibility of adopting a "Declaration by the Council" had been suggested.

61. In addition to the Special High-level Meeting, the mechanism of an unofficial exchange of views, which had been conceived as part of the attempt to revitalize the Council, had gained in importance during the session just ending, since discussions had not only been held with the executive secretaries of the regional commissions and the Managing Director of IMF but also on topics of major importance.

62. For example, there had been an informal meeting at the beginning of the session on the report of the South Commission and he had been instructed to submit a report on that meeting to the General Assembly at its forty-sixth session. Similarly, the economic, social and environmental consequences of the situation between Iraq and Kuwait had been discussed at an informal meeting which had made it possible to obtain a better impression on the one hand of the regional and world impact of the Gulf conflict and, on the other, of the particular difficulties which ESCWA was still encountering in fulfilling its mandate. He hoped that sufficient means would be placed at the disposal of ESCWA to enable it to continue its work. The Council had also held an informal exchange of views on the question of strengthening multilateral cooperation in international economic affairs, the priority theme of the general discussion.

63. With the increasing globalization of the world economy and the internationalization of markets, its indispensable reinforcement should be facilitated by the recent trends in international relations towards the elimination of unilateral practices and selective liberalism. The changes should also result in general disarmament which would release financial resources for development. If development was to be synonymous with

peace, it could no longer be the privilege of a few but must become the heritage of all. The adoption of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, the launching of the International Development Strategy for the Fourth United Nations Development Decade and the Programme of Action for the Least Developed Countries for the 1990s were all steps in the right direction.

64. It was obvious, however, that those new instruments of international economic cooperation would be credible only if the commitments made were actually put into effect, and if the forthcoming international meetings, in particular the last phase of the Uruguay Round of multilateral trade negotiations, the eighth session of the United Nations Conference on Trade and Development, the United Nations Conference on Environment and Development and the International Conference on Population and Development were milestones in that quest for credibility. It was becoming widely accepted that development should be approached from the angle of variations recorded in the markets, the rational utilization of human, financial and technical resources, the improvement of corporation management, the encouragement of the spirit of initiative, both in the private and public sectors and the adoption of healthy macroeconomic policies. Such an approach could only succeed through freedom, democracy and respect for human rights and for the right of peoples to self-determination combined with the widest possible involvement of the population at large, especially of the disadvantaged groups and of women, in the taking of major decisions.

65. Development went hand in hand with greater respect for freedoms but the lack of economic growth and persistent poverty could well jeopardize emerging democratic experiments. It was therefore disturbing to see the increase in the number of developing countries that met the requirements for inclusion in the list of the least developed countries. The attitude of the community of donors to the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 did not seem unrelated to the fact that the new additions to the list were mainly African countries, which were already in the majority on that list. The final assessment of that Programme at the forty-sixth session of the General Assembly would provide an opportunity for corrective action to be taken in that area and the decision of the Government of Japan to hold, in 1993, an international conference on development in Africa was also a source of hope.

66. Unfortunately there was a danger that the deterioration in the economic and social situation of many developing countries might worsen as a result of the combined effect of the slow-down in growth at the world level and the recession being experienced by a number of developed countries. The state of the international capital market also helped to feed that concern. In that connection, he recalled how the Managing Director of IMF had analysed the pressures that were brought to bear on that market as well as the measures that could be taken to remedy them. He also noted with satisfaction that the Council had taken up the suggestion by the Secretary-General (16th meeting) that an international conference be convened on development financing, and invited, by its decision 1991/274, the General Assembly to consider that proposal at its forty-sixth session.

67. The Council's session had also provided an opportunity for a useful discussion on the organization and mobilization of the United Nations system to meet emergency humanitarian situations. It had been generally agreed that it was necessary to provide a timely, coherent and coordinated response to situations of that kind and several proposals had been considered, such as the establishment of an emergency fund, the strengthening of reserve capacities, respect for the sovereignty of States and the need to guarantee the protection of displaced persons. The Council's discussion on those issues would certainly help to guide the Secretary-General in formulating the conclusions and recommendations that he was to submit to the General Assembly at its forty-sixth session.

68. It was obvious that the best way to strengthen the ability of the United Nations to meet the humanitarian needs created by emergency situations, would be to improve substantially the prevention mechanisms of the countries in question, and the acceleration of economic and social development was undoubtedly one of the instruments of such a preventive policy. In other words, improving the ability of the United Nations to cope with emergency humanitarian situations should not obscure the imperative need to strengthen its action to promote economic and social progress, particularly that of the developing countries.

69. Against that background, it was indispensable that the Council should be effectively revitalized and that the intergovernmental mechanism of the United Nations in the economic and social sectors should be restructured so that the Organization could fulfil its mandate. Speedy implementation of the innovative measures provided for in General Assembly resolution 45/264 would ensure greater complementarity between the work of the Assembly and that of the Council, encourage an integrated approach in respect of both policies and programmes in the economic, social and related fields and strengthen the role of the Council as the central body for the discussion and coordination of the major political, economic, social and related issues.

70. The complementarity of the work of the General Assembly and that of the Council would necessarily require restructuring of their subsidiary bodies. However, the restructuring and revitalization of the United Nations in the economic, social and related fields could not be limited to technical or organizational improvements alone; they required adequate human resources and financial means and a change in the attitude of the Member States. Particular attention should be paid to seeking a greater complementarity of the activities of all the organs and agencies of the United Nations system. It was thus a welcome development that more heads of the sec-

retariats of the specialized agencies than ever before had participated in the Council's session and it was to be hoped that the new method of organizing the Council's work, which would begin in 1992, would continue to attract such participation.

71. By reorganizing its work methods, the Council had proved that it could move with the times. It had still to demonstrate that it could rise to the level of its members' requirements and meet the development needs of the majority of them. In order to do so, however, it must be able to rely on the political will of its member States, because the Council could never be other than what its member States desired it to be.

72. After an exchange of courtesies, in which Mr. KUFUOR (Observer for Ghana), on behalf of the Group of 77, Mr. SENE (Observer for Senegal), on behalf of the African States, Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic), on behalf of the East European States, Mr. WALKER (Jamaica), on behalf of the Latin American and Caribbean States, Miss WILLBERG (New Zealand), on behalf of the West European and other States, and Mr. MARKS (United States of America) took part, the PRESIDENT declared the second regular session of 1991 of the Economic and Social Council closed.

The meeting rose at 7.35 p.m.

RESUMED SECOND REGULAR SESSION OF 1991

Summary record of the 33rd plenary meeting, held at Headquarters, New York, on 17 October 1991

33rd meeting

Thursday, 17 October 1991, at 3.10 p.m.

President: Mr. Hocine DJOUDI (Algeria)

E/1991/SR.33

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*concluded*)*

1. The PRESIDENT said that since the completion by the Council of the work on the agenda of its second regular session on 26 July 1991, two additional issues had been brought to his attention which required action by the Council before they could be considered by the General Assembly at its forty-sixth session. He therefore suggested that, if there was no objection, the Council should resume its work in order to take up the two outstanding matters, namely, the nomination of an additional candidate for membership in WFC (Elections, agenda item 19) and the extract of the report of the Governing Council of UNDP on its resumed thirty-eighth session (Operational activities for development, agenda item 11).

It was so decided.

AGENDA ITEM 19

Elections (*concluded*)*

2. The PRESIDENT said that one candidate from the Group of Eastern European States remained to be nominated for election by the General Assembly to membership of WFC for a three-year term beginning on 1 January 1992. The Secretariat had been informed by the Chairman of the Group of Eastern European States that Albania had been endorsed by the Group for nomination. If he heard no objection, he would take it that the Council wished to nominate Albania as a candidate for election by the General Assembly.

It was so decided [decision 1991/316].

3. The PRESIDENT announced that the Council had concluded its consideration of agenda item 19.

AGENDA ITEM 11

Operational activities for development (*concluded*)

4. The PRESIDENT drew the attention of the Council to the extract from the report of the Governing Council of UNDP on its resumed thirty-eighth session (E/1991/L.27/Add.1). If he heard no objection, he would take it that the Council wished to take note of that document.

It was so decided [decision 1991/317].

5. The PRESIDENT announced that the Council had concluded its consideration of agenda item 11.

Closure of the resumed session

6. The PRESIDENT declared the resumed second regular session of 1991 of the Economic and Social Council closed.

The meeting rose at 3.20 p.m.

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* Resumed from the 31st meeting.

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